

## **Republic of Uganda**

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### **Project for Financial Inclusion in Rural Areas (PROFIRA)**

#### **Supervision report**

#### **Main report and appendices**

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East and Southern Africa Division  
Programme Management Department



## Contents

Abbreviations and acronyms	ii
A. Introduction	1
B. Overall assessment of project preparedness	1
C. Project preparedness by component	2
D. Fiduciary aspects	6
E. Closing of RFSP	8
F. Conclusion	8

## Appendices

Appendix 1: Summary of agreed actions	9
Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs	11

## Technical Annexes

Technical Annex 1: Components 1 and 3	15
Technical Annex 2: Community-based Financial Institutions	65
Technical Annex 3: Lists of Assets to be transferred from RFSP to PROFIRA	81

## Abbreviations and acronyms

AWPB	Annual Work Plan and Budget
BoU	Bank of Uganda
CCA	Canadian Cooperative Association
CSCG	Community-based Savings and Credit Groups
Eol	Expression of interest
MIS	Management information systems
MPFEP	Ministry of Finance, Planning and Economic Development
MTIC	Ministry of Trade, Industry and Co-operatives
PMU	Project Management Unit
PROFIRA	Project for Financial Inclusion in Rural Areas
QBS	Quality-based selection
QCBS	Quality and cost-based selection
RFSP	Rural Financial Services Project
SACCO	Savings and Credit Cooperatives
UCSCU	Uganda Cooperative Savings and Credit Union
UMRA	Uganda Microfinance Regulatory Authority

## **A. Introduction**

1. The Project for Financial Inclusion in Rural Areas (PROFIRA) was designed in 2013 in partnership between IFAD and GoU. In September 2013 IFAD approved a Loan of USD 29 million and a grant of USD 1 million in support to this project. The project was approved by the Parliament at the end of September 2014. Signature of the Financing Agreement for entry into force of the programme is awaited by the first half of November.

2. An IFAD implementation support mission<sup>1</sup> was held from 13 to 24 October with the main objective of providing support to the implementing agency, the Ministry of Finance, Planning and Economic Development (MFPED) and in particular to the Department for Financial Services for a quick start-up of PROFIRA implementation, right after the signature of the Financing Agreement. Meetings were held with the Permanent Secretary/Secretary to the Treasury, the Under Secretary for Finance and Administration/Accounting Officer, the Commissioner and Assistant Commissioner for Financial Services, the Commissioner for Co-operatives Development in the Ministry of Trade, Industry and Co-operatives (MTIC), the Uganda Cooperative Savings and Credit Union (UCSCU), the Canadian Cooperative Association (CCA) and various relevant stakeholders from the sector. The mission would like to thank the GoU and other partners for their collaboration and support.

## **B. Overall assessment of project preparedness**

3. After the long awaited approval by Parliament in September 2014, PROFIRA is now ready for entry into force with the signature of the Financing Agreement scheduled for November 2014, more than 12 months after approval by the IFAD Executive Board in September 2013. It is therefore imperative that no further delays will occur during the start of the project. The mission has therefore worked very closely with MFPED and in particular the Department for Financial Services to ensure the preparedness of the project to start delivering its services to rural communities as soon as possible after entry into force.

4. Considerable progress has been made in meeting the key conditions for withdrawal, in particular the appointment of the Programme Management Unit and the preparation of the first Annual Work Plan and Budget. In this respect, it is important that MFPED continue in its efforts to fast-track the contracting for those PMU managerial positions for which suitable candidates have already been identified and proceed in advertising for the remaining vacant managerial positions. The first disbursement is expected by the first half of December 2014.

5. Preparation for a quick start-up of the investment components is also quite advanced. The process for the selection of the 500 beneficiary SACCOs under the sub-component on SACCO Strengthening has been agreed with all relevant stakeholders and will commence at the beginning of November 2014 with the aim to complete selection of the first group by end of May 2015. For the sub-component on establishment of new CSCGs, the selection of the intervention areas was finalized during the mission, on the basis of the criteria agreed during design. The bidding documents for the selection of service providers under both sub-components have also been finalized during the mission, so that both procurement processes could be launched right after entry into force. It is therefore expected that the service providers for the first round of capacity building activities for SACCOs and those for the establishment of new CSCGs will start to deliver their services in the communities during the first quarter of FY 2015/16

6. UCSCU has met the conditions specified as triggers for support under PROFIRA, but the delay in availability of the required technical assistance and financial incentives has led to deficits and

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<sup>1</sup> The mission was led by Mr Alessandro Marini, IFAD Country Representative and included: Mr. William Steel, Rural Finance Specialist; Mr. Jorma Ruotsi, Rural Finance Specialist and Mr. Daniel Lallemand, Financial Management and Procurement Specialist.

arrears, delaying its transition towards sustainability. With the entry into force of the Financing Agreement, it is imperative that this support be availed to UCSCU by the third quarter of FY 2014/15.

7. Finally, a Draft Bill for the Tier IV Regulatory Framework was submitted to the Cabinet for discussion before presentation to Parliament. The mission had extensive discussions with the newly created Department for Financial Services about the support needed under PROFIRA for the finalization of the framework as well as for the elaboration of a new policy on financial inclusion.

## **C. Project preparedness by component**

### **Component 1 – SACCO strengthening and sustainability**

8. The overall objective of Component 1 is to build a healthy and sustainable SACCO sector. Sub-component 1.1 aims to strengthen some 500 potentially sustainable SACCOs to become fully self-sustainable. Based on lessons learned from RFSP about the most cost-effective approach to SACCO development, the primary focus will be on capacity-building support in seven key areas (credit and default management, financial literacy, governance, financial management, business development, and strategic planning) to those that have demonstrated a minimum level of commitment and performance in terms of membership and coverage of operating costs. About 150 of these that are relatively advanced will receive support for automation and management information systems (MIS), which will be needed to comply with prudential regulation under the new Tier IV regulatory regime. Sub-component 1.2 aims to develop the institutional framework for a healthy and vibrant SACCO sector by assisting UCSCU to fulfil its mandate as an independent, self-sustaining union providing professional support to and representing SACCOs.

#### **Sub-Component 1.1 – SACCO Strengthening**

9. The first step towards implementation of the SACCO Strengthening sub-component will be a survey to obtain 2013 data in order to assess SACCOs in terms of their eligibility and priority according to the stated criteria. It was agreed during the mission to undertake a comprehensive survey so that the data can serve also for the PROFIRA baseline study, to update the MTIC database, and provide SACCO data for a census of Tier IV microfinance institutions being planned by MFPED. The preliminary steps will be to revise the MTIC questionnaire to meet all these needs and to form a committee of the key agencies to plan and oversee implementation of the survey. Enumerators will be drawn primarily from the field staff of UCSCU, complemented by selected District Commercial Officers and others. The data will be utilized to prepare a revised shortlist of SACCOs meeting the eligibility criteria for support under PROFIRA, from which a final list will be drawn. The focus is on rural, community-based SACCOs, and selection will be based on indicators of potential sustainability. Selection will also take into consideration the objective of ensuring that all rural districts have at least one viable SACCO. Selection of the first group of SACCOs in the poorer sub-regions is expected to be completed by May 2015. **Agreed action:** (i) Planning a nationwide survey of SACCOs, including training of the enumerators by the end of December 2014; (ii) Launch the survey at the beginning of January 2015 and complete it by the end of April 2015.

10. Procurement of service providers will be carried out in parallel. The mission has modified the implementation arrangements for the sub-component in light of current estimates of the numbers of SACCOs likely to be eligible for different levels of services. The following was agreed:

- The support for MIS systems will initially be limited to approximately 50 SACCOs classified as “A+” (i.e., with strong sustainability indicators and meeting the criteria for eventual supervision by the proposed Microfinance Regulatory Authority) will be procured through international competitive bidding in one single lot with quality-based selection (QBS) and unit cost pricing.
- An additional 100 “A+” SACCOs that already have MIS systems will be assisted to upgrade equipment, if required, and obtain advanced or refresher training aimed at improving financial management and preparing for eventual prudential regulation. Since

needs will differ between SACCOs, the approach will be demand-driven for specified eligible expenditures.

- The services for training in credit and default management to all 500 SACCOs, which also require highly specialized expertise that may not necessarily be available in Uganda, will also be procured through international competitive bidding in four lots with selection based on quality and cost (QCBS).
- For the remaining six areas of training, lead service providers will be contracted to undertake the initial training needs assessment, coordinate the delivery of training services and interface with the participating SACCOs consistently over the period of the programme. Procurement will be through National Competitive Bidding in four lots with selection based on quality (QBS). It is anticipated that bidders will have to form consortiums or sub-contract some of the training service providers to provide the full package envisaged.

11. The full bidding documents for the above contracts were prepared during the mission and will be attached to the supervision technical notes. **Agreed actions:** MFPED will: (i) issue the advertisements for Eol by mid-January 2015; (ii) issue the full RFPs to the shortlisted institutions by end of February 2015; and (iii) award the contracts by end of May 2015. This would allow the actual field operations to commence in June 2015.

Agreed action	Responsibility	Agreed date
Launch a nationwide survey of SACCOs	PMU/MFPED/MTIC/ UCSCU	1 Jan 2015
Issue the Eols for SACCOs capacity building	PMU	15 Jan 2015
Issue the RFPs for SACCOs capacity building	PMU	28 Feb 2015
Award the contracts for SACCOs capacity building	PMU	31 May 2015

### Sub-Component 1.2 – Developing a SACCO Union

12. UCSCU managed to reduce the expected deficit by half, mainly through cut-backs in expenditures for personnel and administration (including field visit expenses). Staffing has been considerably streamlined in terms of both numbers (42, of whom 32 in the field) and salaries. This has constrained its ability to sustain the desired level of services, although it has overall managed to remain engaged with its members, including an increase in membership and successful Special and Annual General Meetings. Unfortunately, revenues (from member contributions as well as business income) have been below expectations. Nevertheless, the organization has been proactive in developing partnerships that should enable it to generate future revenues from services such as insurance, training and credit.

13. UCSCU has met the conditions specified as 'triggers' to be eligible for technical assistance and financial support under PROFIRA. However, the late approval of PROFIRA has delayed the financial incentives intended to fill the deficit gap and assist it in the implementation of its strategic framework towards full sustainability. It is now urgent for UCSCU to get access to this technical and financial support, as soon as the project enters into force. IFAD, CCA and MFPED need to ensure that all necessary documents are finalized and signed before year-end. UCSCU on its part needs to revise its five-year budget gap forecast and two-year Business Plan, including monitorable benchmarks towards implementation of core activities. The mission agreed in principle that a request from UCSCU may be considered to begin disbursing the financial incentive during the third quarter of FY2014/15 in order to achieve specific benchmarks in preparation for beginning the TA assignment, contingent upon a satisfactory 5-year budget projection and 2-year Business Plan that specify intended expenditures, budget gap and benchmarks, as well as signing of MOUs. For this purpose, it was agreed that arrears can be included in the eligible expenditures for determining the budget gap for Jan-June 2015. **Agreed actions:** (i) UCSCU to update the five-year budget forecast and two-year Business Plan by 15 November 2014; (ii) IFAD and CCA to finalize and sign the Grant Agreement by 30 November

2014; (iii) UCSCU and MFPED to finalize and sign the MoU for financial incentives by 30 November 2014; (iv) CCA to recruit the Adviser/Mentor by end of February 2015.

Agreed action	Responsibility	Agreed date
Update the five-year budget forecast and two-year Business Plan	UCSCU	15 Nov 2014
Sign the IFAD/CCA Grant Agreement	IFAD/CCA	30 Nov 2014
Sign the MoU for financial incentives to UCSCU	MFPED/UCSCU	30 Nov 2015
Recruit the UCSCU Adviser/Mentor	CCA	28 Feb 2015

## Component 2 – Community Based Financial Services

14. **Investment and objective.** Component 2 aims at a major impact in financial inclusion in rural Uganda. With Sub-component 2.1, PROFIRA will contract service providers (SPs) to establish approximately 15,000 new community savings and credit groups (CSCGs) with approximately 375,000 members, over the seven-year project period, broadly using the VSLA methodology. With Sub-component 2.2, the operations of approximately 3,000 mature CSCGs (75,000 members) will be further developed through focused training, innovations and linkages, to facilitate for more advanced financial inclusion and consequently larger-scale rural production activities. The work in the coming months will focus on the launching of Sub-component 2.1, to contract SPs to establish new CSCGs in the target areas. The contracting for the second sub-component will start immediately after the first contracts for Sub-component 2.1 have been awarded.

15. **Selection of geographic areas.** The mission has worked on the selection of the four geographic areas of intervention, based on poverty indicators from the Uganda National Household Survey 2012/13 results, as agreed during design. The following four sub-regions were rated the poorest and will therefore be retained for implementation under Component 2: North East, Mid-North, West Nile and Eastern. The rating method and results are presented in detail in the supervision technical annexes.

16. Within each of the above selected sub-regions, the contracted SP will select specific districts and sub-counties, with a focus on the poorer and most remote ones, with fewer CSCGs. Furthermore, adequate density of target population will be used as an additional criterion to promote clustering of the CSCGs and effective implementation of the sub-component. The district/sub-county selection process by each SP will be among the criteria to evaluate the detailed proposals from the SPs.

### Sub-component 2.1 – Establishment of new CSCGs

17. **Preparedness of SPs.** The Mission visited the key Kampala-based CSCG promoters to check their preparedness and continued interest to bid. This was necessary due to long delays in the PROFIRA start-up. All the visited institutions confirmed their interest. The target of establishing around 2,000 CSCGs in each selected sub-region in three years was considered realistic.

18. **Terms of Reference.** Based on the models in the PROFIRA PIM, the ToRs for the first four 3-year contracts to establish new CSCGs were reviewed and up-dated during the mission to be used as a part of the actual bidding documents for the first batch of contracts (a copy will be attached to supervision technical notes).

19. **Bidding method and schedule.** Given the size of the CSCG contracts, an International Competitive Bidding process will be followed. As a first formal step, the advertisements for the Expression of Interest (Eoi) from SPs to establish new CSCGs in the four sub-regions will be published as soon as possible after PROFIRA becomes effective. A model for this advertisement was prepared during the mission and will be attached to the supervision technical notes. The Quality and Cost Based Selection (QCBS) method will be used for the awarding of the contracts, with weights of 70-30 respectively for the technical and financial proposals. Drafts for the complete documents for the Request for Proposals (RFPs) are also included in the supervision technical notes. **Agreed actions:** MFPED will: (i) issue the advertisements for Eoi by mid-January 2015; (ii) issue the full RFPs to the



shortlisted institutions by end of February 2015; and (iii) award the contracts by mid-May 2015. This would allow the actual field operations to commence in late May or early June 2015.

Agreed action	Responsibility	Agreed date
Issue the Eols for CSCGs establishment	PMU	15 Jan 2015
Issue the RFPs for CSCGs establishment	PMU	28 Feb 2015
Award the contracts for CSCGs establishment	PMU	15 May 2015

## Sub-component 2.2 – CSCGs Strengthening, Innovation and Partnerships.

20. The first bidding for contracts for Sub-component 2.2 is planned for May-June 2015, after the awarding of the first contracts for sub-component 2.1. The mission has updated the related ToRs (available in the supervision technical notes). All the visited service providers are currently working on advanced models to develop mature CSCGs and on their active linking to MFIs, MDIs and banks. As a positive development for PROFIRA, substantial progress has been achieved in the past 18 months in this area. The leading SPs have well developed models for CSCG training in business development and advanced financial literacy. Through linkage operations with various banks, CSCG members in linked groups are receiving much larger loans than is possible with the basic CSCG model. The increased interest by the banks and leading MFIs as well as the already developed flexible overdraft-based CSCG financing models auger well for the planned PROFIRA development operations with mature groups.

## Sub-component 3.1 – Policy, regulatory and institutional environment

21. The objective of sub-component 3.1 is to contribute to the establishment of a conducive environment for the development of inclusive financial services in rural areas. The focus is on supporting the initial steps toward the emerging policy and regulatory framework and strengthening the ability of key government institutions to implement financial inclusion policies and regulations with respect to community-based financial institutions.

22. **Tier IV Regulation.** MFPED has prepared a Draft Bill for the Tier IV Regulatory Framework and submitted it to the Cabinet. The Bill is expected to be presented to Parliament early in 2015. The mission recommends that the government engage with the key development partners in the sector through the Private Sector Donors Group as an entry point for future collaboration, technical assistance and funding. A number of complex issues remain to be resolved, including the respective roles of MFPED, Bank of Uganda (BoU), MTIC and the proposed Uganda Microfinance Regulatory Authority (UMRA), as well as the costs and sources of funds involved. MFPED has proposed a number of activities for the initial PROFIRAAWPB, including stakeholder workshops and study tour, to prepare for the operationalization of the Bill once approved. The mission noted that an international TA could be useful to assist MFPED in setting up a new regulatory agency and designing appropriate regulations for different levels of institutions. **Agreed action:** MFPED to present to the Private Sector Donor Group its approach under the new Financial Services Department, in particular with respect to Tier IV regulation and financial inclusion, as well as PROFIRA, and to include its activities in support of the Tier IV Bill in the PROFIRAAWPB.

23. The mission noted that the financial implications of the Bill will include the costs of more effective regulation and supervision of all Tier IV microfinance institutions, not only those directly supervised by BoU and UMRA. In this respect, PROFIRA includes interim support for the MTIC Department of Cooperatives Development to enhance its capabilities to promote, regulate and monitor the SACCO sector, including non-prudential regulation of SACCOs that will fall below the criteria for supervision by UMRA. It is also anticipated that MTIC will provide additional assistance to an estimated 30-50 SACCOs (from RFSP or being supported under sub-component 1.1) which are undergoing challenges in governance or management that cannot readily be addressed through training and have been identified for 'Turnaround' support. **Agreed action:** MTIC will provide for inclusion in the AWPB its proposed activities and budget for forums, audit training, de-registering provisionally-registered SACCOs that never met the required conditions, undertaking turnaround

activities for 18 RFSP SACCOs that were undergoing difficulties (as well as up to 30 to be referred under PROFIRA), and installing and updating its database software.

24. **Financial inclusion.** MFPED has established a Financial Services Department, whose mandate includes microfinance and financial inclusion activities of the previous Department of Microfinance. The mission discussed with the Department the need for a new policy framework to succeed the 2007 Rural Financial Services Strategy. The Department is considering preparing a Financial Inclusion Policy and reinvigorating the Microfinance Forum as a mechanism for information exchange and coordination. The mission noted that such efforts will need to build on and collaborate with the BoU's Financial Inclusion Strategy and Project. Having a comprehensive financial inclusion policy and strategy would set an appropriate context for PROFIRA, in particular the activities aimed at enhancing financial literacy among the target populations for SACCOs and CSCGs. It is expected that MFPED and BoU will coordinate to articulate an approach to addressing these issues in a consultative manner over the coming months, including activities that may need support under PROFIRA.

Agreed action	Responsibility	Agreed date
Present to the Private Sector Donor Group Tier IV regulation and PROFIRA	MFPED/FSD	30 Nov 2014
Include activities in support of the Tier IV Bill in PROFIRA AWPB	MFPED/FSD	31 Oct 2014
Include activities for turn-around, de-registering, etc. in PROFIRA AWPB	MTIC	31 Oct 2014

## D. Fiduciary aspects

### Entry into force and loan covenants

25. **Entry into force.** While it was approved by the IFAD Executive Board in September 2013, the project has not yet entered into force more than twelve months later. The Parliament has finally approved the programme on 25 September 2014. The last remaining step is the signature of the Financing Agreement. **Agreed action:** the GoU-IFAD Financing Agreement will be signed in Rome on 31 October 2014.

26. **Conditions of withdrawal.** As per the negotiated Financing Agreement, there are four conditions to be fulfilled before any withdrawals can be made from the Loan Account, except for start-up costs as defined in the negotiated Financing Agreement (i.e. expenditures that can be incurred between entry into force and the satisfaction of the conditions of withdrawal):

- *Recruitment of the key staff of the Project Management Unit*, including a Project Manager; a Finance and Administration Manager; a Monitoring and Evaluation and Knowledge Management Manager; a SACCO Development Manager and a Community Based Financial Services Manager. MFPED, through its Human Resource Department, has undertaken a transparent and objective process for assessing the suitability of interested RFSP PAU staff to fill the PROFIRA PMU managerial positions. However, no offer could be made to the identified suitable candidates pending the Parliament's approval. **Agreed actions:** (i) MFPED will formalize by 31 October 2014 the job offers to those staff for which No Objection from IFAD has already been received (i.e. the Project Manager; the Finance and Administration Manager; the Monitoring and Evaluation and Knowledge Management Manager; and the SACCO Development Manager); (ii) MFPED will advertise by 31 October 2014 for the recruitment of those key positions for which no suitable internal candidates could be identified (i.e. the Community Based Financial Services Manager and the Procurement and Contracts Manager), with the aim to conclude the selection process and send a request of No Objection to IFAD by 30 November 2014; (iii) MFPED will proceed with assessing the suitability of interested RFSP PAU staff to fill the other vacant PROFIRA positions, with the aim to send a request of No Objection to IFAD by 15 November 2014; and (iv) after concluding the assessment of internal candidates, MFPED will advertise immediately for the recruitment of the remaining vacant positions with the aim to conclude the selection process and send a request of No Objection to IFAD by 15 January 2015.

- *IFAD No Objection to first Annual Work Plan and Budget.* The mission reviewed and provided comments on a draft AWPB for the period up to 30 June 2015. It is noted that the AWPB should clearly identify the start-up costs. **Agreed action:** MFPED will send to IFAD for No Objection an AWPB for the period up to 30 June 2015, including a procurement plan and a separate budget for start-up costs, by 31 October 2014.
  - *Opening of the Designated Account.* Before withdrawal can begin, the Government has to send to IFAD the documentation evidencing the opening of a USD denominated bank account designated to receive Loan resources in advance. It is understood that disbursement for start-up costs will be done on a different bank account, to be indicated by MFPED. **Agreed actions:** MFPED will communicate to IFAD by 15 November the account to be used for start-up costs and concurrently request for the disbursement of the agreed amount. Right after entry into force, MFPED will: (i) open the Designated Account in the Bank of Uganda; (ii) communicate to IFAD the persons authorized to operate the account; and (iii) send a request to IFAD for the disbursement of the initial authorized allocation of USD 2 Million.
27. **Other loan covenants.** The following covenants will have to be performed within an agreed lapse of time after entry into force:
- Finalization of the *Project Implementation Manual* (within nine months). An advanced draft is already included in the PDR. This will need to be revisited and updated to reflect the changes occurred since design and include the missing information in the relevant sections. **Agreed action:** the PMU will review the current draft PIM with the aim to send an updated draft for comments to IFAD by 30 April 2015
  - Establishment of the *Project Oversight Committee* (within six months). As per the PDR and in continuity with the task force that has steered the design process, the Committee will include representatives from key agencies both from the public sector (MFPED – chair; MTIC; Ministry of Gender, Labour and Social Development; Ministry of Agriculture, Animal Industry and Fisheries; Bank of Uganda; and Microfinance Support Centre) and from the relevant private sector apex organizations (UCSCU, AMFIU and UCA). **Agreed action:** MFPED will invite the relevant organizations to nominate their representatives in the PROFIRA POC and convene the first meeting by 30 April 2015.
  - Establishment of the *PROFIRA Contracts Committee* (within six months). This has high priority in order to avoid any delays to the procurement of service providers for the investment components. MFPED has already started to work on it during the mission. **Agreed action:** MFPED will formally constitute the PROFIRA Contract Committee by 15 November 2014.
  - Undertaking of a *baseline survey* (within nine months) and development of a *Planning, Monitoring and Evaluation system* (within twelve months). In the period of October to December 2014, the M&E and KM unit will coordinate a joint PMU exercise to: review the PROFIRA Logframe; translate it into a full Results Framework, articulating key measurable results at each level of the objectives hierarchy; and design the project M&E Framework. This will set the basis for collecting baseline information through: the SACCO survey that will be undertaken between January and April 2015; data collection by the CSCGs service providers during inception of their contracts; a desk review to document performance status of UCSCU at the start of the project; and a baseline survey for impact indicators at household/individual level, including IFAD RIMS indicators. **Agreed actions:** (i) the PMU will design the project M&E Framework by 31 December 2014; and (ii) a RIMS compliant impact-level baseline survey will be conducted by 30 September 2015.
28. **Office space.** MFPED informed the mission that a suitable office for PROFIRA has been identified at Crusader House and will be available starting from 3 January 2015.

Agreed action	Responsibility	Agreed date
Sign PROFIRA Financing Agreement	IFAD/MFPED	31 Oct 2014
Formalize job offers to staff already selected for PMU positions	MFPED	31 Oct 2014
Advertise for PMU positions for which no internal candidates were identified	MFPED	31 Oct 2014
Assess the suitability of internal candidates for other remaining positions	MFPED	15 Nov 2014
Advertise for remaining vacant positions	MFPED	15 Nov 2014
Send to IFAD for No Objection PROFIRA AWPB to June 2015	PMU	31 Oct 2014
Communicate to IFAD account for start-up costs	PMU	15 Nov 2014
Open Designated Account and communicate signatories to IFAD	PMU	30 Nov 2014
Request first disbursement in DA	PMU	30 Nov 2014
Send a reviewed draft PIM for comments to IFAD	PMU	30 Apr 2015
Convene first meeting of Project Oversight Committee	MFPED	30 Apr 2015
Establish the PROFIRA Contracts Committee	MFPED	15 Nov 2014
Finalize the project M&E framework	PMU	31 Dec 2015
Complete the impact-level baseline survey	PMU	30 Sep 2015

### Financial management and procurement

29. **Procurement plan.** This document has been reviewed by the mission. It will be updated by the PMU in light of the latest procurement decisions for the recruitment of services providers for components 1 and 2 (SACCOS and CSCG) and attached to the AWPB.

30. **Transfer of assets from RFSP to PROFIRA.** The full list of assets has been reviewed by the mission and will be available in the supervision technical notes. **Agreed action:** the Accounting Officer of MFPED will make the final transfer of the assets used under RFSP to PROFIRA.

31. **Internal audit.** As envisaged in the design documents, a competent and reputable company will be recruited to perform the tasks of internal auditors by the project. **Agreed action:** recruit the internal auditor by end of May 2015

32. **Statutory audit.** The first audit will be undertaken for the period between entry into force and 30 June 2015. **Agreed action:** MFPED will confirm to IFAD by 28 February 2015 that the Auditor General will audit the financial statements relating to PROFIRA.

Agreed action	Responsibility	Agreed date
Transfer of assets of RFSP to PROFIRA	MFPED	15 Nov 2014
Recruit internal auditor	PMU	31 May 2015
Confirm to IFAD that Auditor General will audit PROFIRA	MFPED	28 Feb 2015

### E. Closing of RFSP

33. RFSP completion was on 30 June 2013 and Loan closing date on 31 December 2013. In November 2013, IFAD agreed with a GoU request to allow for payment of closing activities (final audit, project completion report and project impact assessment) after the loan closing date. The Project Completion Report was finalized and sent to IFAD on 7 August 2014. The Final Audit was sent to IFAD on 10 September 2014. The last WA (No. 107) was reviewed by the mission. The final balance of bank accounts in PROFIRA, amounting to USD 44,003.67 will be reimbursed to IFAD upon closing of the accounts.

### F. Conclusion

34. A summary of the main actions agreed is provided at the end of each section above. It is agreed that the next IFAD Implementation Support and Supervision Mission to PROFIRA will take place around 6 months after entry into force of the Financing Agreement, tentatively in the second quarter of 2015. The Aide Memoire was discussed and agreed on 23 October 2014.

## Appendix 1: Summary of agreed actions

Agreed action	Responsibility	Agreed date
<b>Sub-Component 1.1 - SACCO Strengthening</b>		
Launch a nationwide survey of SACCOs	PMU/MFPED/MTIC/UCSCU	1 Jan 2015
Issue the EoIs for SACCOs capacity building	PMU	15 Jan 2015
Issue the RFPs for SACCOs capacity building	PMU	28 Feb 2015
Award the contracts for SACCOs capacity building	PMU	31 May 2015
<b>Sub-Component 1.2 – Developing a SACCO Union</b>		
Update the five-year budget forecast and two-year Business Plan	UCSCU	15 Nov 2014
Sign the IFAD/CCA Grant Agreement	IFAD/CCA	30 Nov 2014
Sign the MoU for financial incentives to UCSCU	MFPED/UCSCU	30 Nov 2015
Recruit the UCSCU Adviser/Mentor	CCA	28 Feb 2015
<b>Component 2 – Community Based Financial Service</b>		
Issue the EoIs for CSCGs establishment	PMU	15 Jan 2015
Issue the RFPs for CSCGs establishment	PMU	28 Feb 2015
Award the contracts for CSCGs establishment	PMU	15 May 2015
<b>Sub-component 3.1 – Policy, regulatory and institutional environment</b>		
Present to the Private Sector Donor Group Tier IV regulation and PROFIRA	MFPED/FSD	30 Nov 2014
Include activities in support of the Tier IV Bill in PROFIRA AWPB	MFPED/FSD	31 Oct 2014
Include activities for turn-around, de-registering, etc. in PROFIRA AWPB	MTIC	31 Oct 2014
<b>Entry into force and loan covenants</b>		
Sign PROFIRA Financing Agreement	IFAD/MFPED	31 Oct 2014
Formalize job offers to staff already selected for PMU positions	MFPED	31 Oct 2014
Advertise for PMU positions for which no internal candidates were identified	MFPED	31 Oct 2014
Assess the suitability of internal candidates for other remaining positions	MFPED	15 Nov 2014
Advertise for remaining vacant positions	MFPED	15 Nov 2014
Send to IFAD for No Objection PROFIRA AWPB to June 2015	PMU	31 Oct 2014
Communicate to IFAD account for start-up costs	PMU	15 Nov 2014
Open Designated Account and communicate signatories to IFAD	PMU	30 Nov 2014
Request first disbursement in DA	PMU	30 Nov 2014
Send a reviewed draft PIM for comments to IFAD	PMU	30 Apr 2015
Convene first meeting of Project Oversight Committee	MFPED	30 Apr 2015
Establish the PROFIRA Contracts Committee	MFPED	15 Nov 2014
Finalize the project M&E framework	PMU	31 Dec 2015
Complete the impact-level baseline survey	PMU	30 Sep 2015
<b>Other Fiduciary aspects</b>		
Transfer of assets of RFSP to PROFIRA	MFPED	15 Nov 2014
Recruit internal auditor	PMU	31 May 2015
Confirm to IFAD that Auditor General will audit PROFIRA	MFPED	28 Feb 2015



## Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section B.6	Opening of USD Designated Account in Bank of Uganda	As soon as possible after entry into force		
Section B.6	Opening of UGX operational account in Bank of Uganda	As soon as possible after entry into force		
Section B.7	Provide counterpart financing to cover taxes and duties	Throughout project implementation		
Section E.1.i	Constitute a PMU (key staff: Project Coordinator; Financial Controller; M&E Officer; SACCO Development Manager; and Community-based Financial Services Manager)	As soon as possible after entry into force	Process well advanced. All five key positions expected to be filled by 30 Nov 2014.	
Section E.1.ii	No withdrawal for sub-component 1.2 prior to approval of IFAD Grant to CCA		Complied with. IFAD Grant approved in January 2014	
Schedule 3, para 1	Ensure conducive strategic and policy framework, in particular: (i) appropriate legislation for regulation of Tier IV institutions  (ii) facilitation of savings and credit groups without interfering with their operations, including through capital injection	Throughout project implementation  Throughout project implementation	Tier IV Bill submitted to Cabinet and expected in Parliament by early 2015	
Schedule 3, para 2	Finalize Project Implementation Manual (PIM)	Nine months after entry into force.		
Schedule 3, para 3	Establish the Project Oversight Committee (POC)	Six months after entry into force		
Schedule 3, para 4	Establish the PROFIRA Contract Committee	Six months after entry into force		Agreed to fast-track by 15 Nov 2014.

Schedule 3, para 4	Not to alter the composition of the PROFIRA Contract Committee without previously consulting IFAD	Throughout project implementation	
Schedule 3, para 5	Not to dismiss or replace any key member of the PMU without IFAD approval.	Throughout project implementation	
Schedule 3, para 6	Ensure establishment of PM&E system	Twelve months after entry into force	
Schedule 3, para 6	Ensure a baseline survey (RIMS compliant) is conducted	Six months after entry into force	Agreed deadline 30 Sep 2015



## Technical Annex 1

### Technical Annex on Components 1 and 3

#### Sub-Component 1.1 – SACCO Strengthening

##### Survey of SACCOs

An updated database on SACCOs is needed in order to select the 500 to be supported directly under PROFIRA, as well as a control group of comparable SACCOs to be monitored for purposes of impact evaluation. The 2012 data in the database for MTIC<sup>2</sup> has some gaps and inaccuracies, and would be rather outdated for selecting SACCOs to be given training starting in late 2015. Furthermore, it was discovered that the indicative “shortlist” that had been prepared using the 2012 data included a number of urban SACCOs, including 48 from Kampala. For these reasons, it was judged essential to undertake a comprehensive survey of SACCOs to obtain data for 2013 (as well as updates for 2012).

Additional reasons to undertake a comprehensive survey include:

- Need to undertake a baseline analysis of the state of the SACCO sector at the close of RFSP/beginning of RFSP;<sup>3</sup>
- MFPED plans to do a census of all Tier IV microfinance institutions (MFIs), including SACCOs;
- UCSCU needs up-to-date data to plan its efforts toward sustainability.

Hence a survey involving PMU, MFPED, MTIC and UCSCU is being planned. Annex 1 provides an updated TOR for the survey and selection of SACCOs (replacing PIM Annex III, Attachment A, Section D). Annex 2 provides detailed instructions for analysis of the 2013 data for a SACCO baseline study (replacing PIM Annex III, Attachment A, Sections A, B, C and E).

##### Procurement of Service Providers: MIS

The mission reviewed the procurement processes for the different categories of services to be provided to SACCOs under PROFIRA. The only change from what was recorded in the previous Aide-Memoire is with respect to MIS. It was noted that it is not feasible to contract a single vendor to provide both MIS software (targeting about 50 SACCOs) and training to an additional 100 SACCOs that already have a functioning MIS, because there are at least four different proprietary MIS systems being operated by different SACCOs. A single MIS provider cannot provide appropriate training for other systems, and SACCOs with an existing MIS already have a relationship with that particular provider.

Hence it was realized that the refresher/advanced training to about 100 SACCOs in MIS will have to be done by the service provider with whom they already have a relationship. The best way to accomplish this, based on discussions among the mission team, including procurement officers, would be to have Framework Contracts with the MIS service providers already being used by the selected SACCOs. This is expected to be about four, although it is possible that some MIS systems have more than one licensed agent in Uganda.

In order to make this process more demand-driven, i.e., to give the selected SACCOs some flexibility in determining what their needs are with respect to MIS, it was decided that PROFIRA would offer a partial subsidy (75% is suggested) for the selected SACCOs to obtain eligible goods and services from a qualified service provider for their MIS system, including:

- Training (advanced or refresher)

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<sup>2</sup> The data are yet to be transferred from PMU to MTIC because the software has not yet been installed on their computers, which had to be upgraded.

<sup>3</sup> Since training to SACCOs selected for PROFIRA will not commence until late 2015, for purposes of impact evaluation of PROFIRA interventions, it will be necessary to repeat the survey in late 2016 to obtain 2015 data – at least for PROFIRA SACCOs and a control group, if not for the entire sector.

- Technical support for up to one year (including licensing fee and on-site visit, if needed)
- Hardware, to update or extend automation to branches (computer, printer, UPS, cables, modems, routers, etc.).

The selected SACCOs (in the “A” category; and possibly including some “A+” SACCOs that turn out to need hardware) would be informed that the project will pay 75% of eligible expenditures, up to a maximum amount per SACCO [yet to be determined; it should be on the order of 1% of the budget originally allocated for MIS training of the “A” SACCOs]. They will then submit pro-forma invoices from the MIS Service Provider (who will be included in the Framework Contracts), for PMU approval. The MIS Service Providers will then bill the PMU quarterly (or as agreed), based on evidence of (i) delivery of the services or goods and (ii) payment of the 25% by the SACCO. The co-payment by the SACCO is important to minimize the incentive and scope for fraudulent collusion, and is justified by the fact that these “A” SACCOs are already relatively sustainable.

The draft TORs for MIS are shown in Annexes 3 and 4. The contract for the MIS Systems provider needs to have technical specifications inserted.

*MIS contracts manager/support:* The experience with MIS contracting under RFSP shows that a substantial amount of technical oversight is required to ensure that the funds are effectively used, as well as to handle the administrative aspects of pre-approvals and payment authorizations. It is recommended that the PMU engage a suitable firm or individual on a retainer basis to provide such services as needed.

### **Zones, Regions, Districts**

The draft TORs define the geographic areas only in terms of administrative Regions that correspond roughly (but not precisely) to the expected final definition of two zones (Zone 1, relatively poorer, i.e., Eastern and Northern; and Zone 2, less poor, i.e., Central and Western). For the RFP, if we don't have the districts fully defined (it may depend on data from the SACCO survey), the RFP could perhaps substitute the following subregions for the Regions above, based on the nine sub-regions (excluding Kampala) in the Uganda Demographic and Health Survey (as used for Component 2):

- Lot 1: Karamoja and Eastern Sub-regions, plus selected Districts from East Central.
- Lot 2: North and West Nile Sub-regions, plus selected Districts from Western.
- Lot 3: Central 1, Central 2, and East Central (except for selected Districts in Lot 1).
- Lot 4: Southwest and Western (except for selected Districts in Lot 2).

### **Numbers in each category**

With the introduction of about 30 “Turnaround” SACCOs to permit supporting some SACCOs that are the only one in their district or sub-county, but do not quite meet the criteria being applied for selection, the target numbers of SACCOs for each level of service can be adjusted as follows:

**Table 1: Original, Revised and Contract Targets**

<b>By category</b>	<b>Original target</b>	<b>Updated target</b>	<b>For contract purpose (+/- 15%)</b>
A+	150	140	
A	200	190	
B	150	140	
T	--	30	
<b>By service</b>			
MIS			<b>per lot</b>
Systems	50	40-50	45 (38-52)
Training, etc.	100	90-100	Framework contracts
Credit/Default Mgmt	500	500 (4 lots)	120 (102-138)
6 Training Subjects	350	360 (4 lots)	
Lots 1-2 (Zone 1)		190-200	90 (76-104)

Lots 3-4 (Zone 2)\* 160-170 80 (68-92)

\*Less in Zone 2 because it is anticipated that the majority of A+ SACCOs receiving MIS systems would be in Zone 2; hence fewer in the other categories that receive the package of 6 training.

Given the above adjustments, Table 2 shows the revised schedule of procurements and methods to be used. The reduced numbers for contract purposes assume that contractors will be paid on a unit cost basis (which is based on the total contract amount divided by the stated number of SACCOs),<sup>4</sup> according to the number of SACCOs served, and that a range of plus-or-minus 15% is permitted. Since contractors must be paid for at least 85% of the stated number of SACCOs, this approach allows for lower-than-expected deliveries and for variations between expected and actual deliveries in each geographic area (i.e., the actual numbers in each Lot may vary somewhat from the expectations shown in Table 2).

**Table 2: Procurement of Service Providers to SACCOs**

	Zone 1*		Zone 2*	
	Lot 1	Lot 2	Lot 3	Lot 4
<b>A. MIS/Automation:</b> 1. Software** (ICB, QBS) 2. Training, hardware, technical support (DC)	1. One contract, 3 years (about 45 SACCOs)(ICB, QBS) 2. Grants to be provided to about 100 SACCOs toward cost of MIS training, technical support and/or hardware (if needed), from their existing MIS service providers (to be contracted directly)			
<b>B. Credit &amp; Default Mgmt training (ICB, QCBS)***</b>	About 120 SACCOs	About 120 SACCOs	About 120 SACCOs	About 120 SACCOs
<b>C. Lead Consultant for 6 training subjects (NCB, QBS)***</b>	About 90 SACCOs	About 90 SACCOs	About 80 SACCOs	About 80 SACCOs

\*Zone 1 Sub-regions and districts are those selected for Component 2 on the basis of poverty-related criteria, plus some additional relatively neighbouring poor districts to achieve balance in numbers. Zone 2 consists of all the remaining districts of the country (except Kampala).

\*\*Software contract would include training, licensing and servicing for 1-2 years.

\*\*\*Training contractors can phase in participating SACCOs over a period of two to three years, with a total contract period of up to 5 years, allowing for refresher training.

Note: Numbers to be put in contract are slightly below the target numbers, yielding a range of +/- 15% that includes the target number but allows for smaller numbers in some areas (see Table 1).

### **SACCO Co-payments and allowances**

The original design anticipated that SACCOs selected for PROFIRA would pay a share of costs of training ranging from 10% to 20% and from initial to only refresher training, depending on Category (A+, A, B). Besides the concern expressed by some Parliamentarians at making beneficiaries pay at all, practical issues of administering a co-payment policy were considered by the mission team. One problem is that the SACCOs themselves, and even the service providers, will not necessarily know which SACCO is in which category. Thus, it would be very difficult to have differences among different participants in the same training as to how much (or whether) they pay a portion. Another problem is the heavy administrative and financial management burden implied by having to track and/or handle co-payments by 500 SACCOs for 7 different subjects (initial and repeater trainings).

Nevertheless, it is desirable to establish the principle that SACCOs should bear at least some of the cost and hence budget for training. The amounts indicated in the PDR were token, and not a significant contribution to the actual cost. The mission concluded that the principle of bearing some of the cost could be introduced in a decentralized way that would not require central administration if the SACCOs are expected to pay for:

<sup>4</sup> The payments for partial deliveries are broken down in more detail in the TORs.

- Travel of their staff to central training locations;
- Venue, refreshments and other costs of on-site training at the SACCO.

With respect to travel costs, however, it was also noted that the majority of SACCOs to be selected are not yet fully profitable, and many might have difficulty paying for such costs; or at least they would be very resistant, given the extensive culture not only of free training but of 'sitting allowances' to participate in training. It was, rather, suggested that PROFIRA would have to cover travel costs to the centralized trainings (Credit & Default Management; Savings and Other Product Development; Financial Management; and Strategic Planning). As a compromise, it was agreed that only the Category A+ and A SACCOs would be asked to pay the cost of transport, and only for the Credit & Default Management training, which should be provided separately to them from the B and T SACCOs. For the other three centralized trainings, in which there may be mixing of SACCOs from all categories, all SACCOs would be reimbursed for a standard travel allowance to be determined by the PMU.

In sum, travel allowances for participants at centralized training would be as follows:

- No allowance for Category A+ & A for MIS training or for Credit & Default Management (which should be provided to them separately from the other, less advanced SACCOs); they pay for their own travel.
- Travel allowances will be paid to:
  - other SACCOs (B and T) for Credit & Default Management;
  - all participants in the 3 centralized trainings provided under the contract for 6 training subjects (i.e., Savings and Other Product Development; Financial Management; and Strategic Planning).

For on-site training, all SACCOs would be expected to provide a venue, and to bear other direct costs such as refreshments (but not costs of the training itself).

### ***Pre-bidding Workshop***

The draft TORs for training in Credit and Default Management and for a package of 6 training subjects are shown in Annexes 5 and 6. For these TORs, especially for the package of 6 trainings, it is strongly recommended to hold a pre-bidding workshop at the time the RFPs are sent out, to make sure that all bidders understand the assignment and have the same information.

It may not be necessary to include in the RFP the specifics of the eligibility and selection criteria for the SACCOs to be trained, but the bidders should at least be made aware of the range of performance and capabilities of the SACCOs they are training, and that they must make allowance for such variation. In the case of Credit & Default Management, this should specifically mean that the 140-150 SACCOs selected for MIS support ("A+" and "A") should be trained separately from the other 350-360. And it is important that the contractor for this assignment be aware of the range of SACCOs in terms of performance, especially with respect to PAR – since those with a relatively high PAR may need separate or additional training in default management. For the present, the specifics have been outlined in the TORs.

### **Sub-Component 1.2 – Developing a Sustainable SACCO Union**

The delay in the financing expected under PROFIRA has meant that UCSCU was unable to cover its deficit in 2013/14 (although it reduced the deficit substantially from what was projected) and has been building up arrears in 2014/15, mainly in salaries. They have also had to reduce field visits to SACCOs by about half. UCSCU has undertaken the restructuring of staff (reduced to 42, of whom 32 in the field) and field offices and tried to reduce expenses. Hence the mission felt that it would be important for UCSCU to settle its arrears and be on an even footing prior to the arrival of the CEO/Board Mentor being recruited by CCA, so that the focus going forward can be on implementation of the Strategic and Business Plans. Thus, even though financing would be provided to UCSCU only during the half-year January-June 2015, the amount required would still be on the order of what was originally estimated for the first Project Year.

UCSCU has submitted a revised 5-year budget projection (Annex 7). It assumes that the budget gap for 2014/15 through 2017/18 would be financed through PROFIRA, with break-even achieved by 2018/19. The total subsidy comes to UGX 3.42 bn, which is equivalent to the USD 1.25 million budget at an average exchange rate of UGX2735/\$. The capital expenditures in the budget are for purchasing shares in the insurance company and capitalizing the central finance facility, in order to generate future business income.

Since the initial 'trigger' conditions for UCSCU have been met, the remaining conditions for an initial disbursement of half the allocation for 2014/15 in January would be that: (i) UCSCU has submitted a satisfactory 5-year budget projection and a 2-year Business Plan with monitorable benchmarks; and (ii) agreements/MOUs have been signed between IFAD and CCA and between the Government and UCSCU. The principal performance benchmark for the first disbursement would be that they clear all arrears during that first quarter. For the second disbursement, the Mentor should be on board (or at least soon to arrive). The performance monitoring would be based on benchmarks in the Business Plan, as well as staying on projected path of declining deficits over time.

Once the PMU is satisfied with the 5-year budget and 2-year Business Plan submitted by UCSCU, it should ensure that CCA and IFAD are also satisfied.

### **Sub-component 3.1 – Policy, Regulatory and Institutional Environment**

The critical next step toward establishing an appropriate regulatory framework for Tier IV is for MFPED to submit the revised Tier IV Bill to Parliament. It has not yet articulated a road map and timetable for doing this, but interest has been expressed in taking Parliamentarians and other officials on a study tour to Ghana, which has been in the process of regulating the entire microfinance sector for three years. This could be done either before or (more likely) after submitting the Bill to Parliament. A draft itinerary for such a study tour has been prepared and submitted to MFPED (Annex 8). Once it has been accepted in principle, it can be costed by the Ghana Microfinance Institutions Network (GHAMFIN, the hosting agency).

## Attachment 1 to Technical Annex 1

### PROFIRA: TOR for SACCO Survey and Steps to Select SACCOs for Support

#### 1. Select priority sub-regions for Component 2 (from PIM Annex X Table 8): [November 2014]

##### Step 1

- a. Rank DHS sub-regions by poverty incidence & depth (using latest data)
- b. Select the four poorest DHS sub-regions

##### Step 2

For Component 1, the above methodology should be applied to ALL Districts nationwide, to develop and maintain a database of Districts by poverty ranking and number of SACCOs (eventually by OSS ranking). At the minimum, the methodology should be applied to select additional relatively poor districts contiguous to the selected USCSCU/MTIC sub-regions (see item 2 below).

*Note: It would be desirable also to consider the extent of access to finance in selecting districts. If financial access data are not available at the district level from DHS, then a suitable proxy would be the number of active SACCOs per district, as from the MTIC database for 2012.*

#### 2. Select priority sub-regions/districts and SACCOs ("Zone 1") of Component 1 consistent with Component 2 [November 2014]

- a) Select those UCSCU/MTIC sub-regions that cover all the four sub-regions selected above.
- b) In order to achieve balance in the number of SACCOs eligible for PROFIRA support between 'Zone 1' (or 'Round 1') consisting of the relatively poorer (top priority) and 'Zone 2' (or 'Round 2') of the less poor regions, we want to aim for about 310-330 shortlisted SACCOs in each of two zones. Plus we want to incorporate some response to Parliamentary concerns about equity across districts and reaching the poorer ones. Therefore, add a number of relatively poor, financially underserved districts to Zone 1; these should have similar poverty indicators as the four selected sub-regions and, as much as possible, they should be contiguous to the priority sub-regions for SACCO support.
- c) Classify the latest MTIC data according to those zones and the shortlisting criteria embodied in Table 1 Rev 4 to make sure that there is a reasonable balance between the two zones (i.e., for Rounds 1 and 2 of implementation).
- d) Rather than use a shortlist from the existing, but incomplete 2012 data, the final shortlisting and selection will be done from the 2013 data to be collected through the field survey.

#### 3. Plan of Field Survey; Selection and training of Field Teams [Oct-Dec. 2014]

- a) A joint team from MTIC, MFPED, UCSCU and PROFIRA PMU to be constituted and meet to organize a survey of all SACCOs, in order to meet the following needs:
  - MTIC: complete and update the database (existing 2012 data are incomplete);
  - PROFIRA:
    - basis for selecting potentially sustainable SACCOs to receive support from PROFIRA;
    - baseline data;
  - MFPED: census of Tier 4;
  - UCSCU: update data; assess adequacy of data and needs for support of member (and prospective member) SACCOs.
- b) It is expected that the survey will be implemented region by region, starting with the sub-regions selected as priority areas for Round 1 of PROFIRA support. The survey teams will include the following responsibilities (see TOR):
  - Supervisors, responsible for logistics and for quality-checking the work of the enumerators (both by participating in some site visits and by checking all returned questionnaires for inconsistencies and omissions before submitting them); these are

- expected to come from the staff of MTIC, MFPED and PMU, as well as the four senior UCSCU Field Officers;
- Enumerators, principally the UCSCU Financial Services Officers (previously known as Financial Extension Workers) in the region, supported by additional FSOs brought from other regions; plus other qualified local personnel such as District Commercial Officers (DCOs).
- c) Training of both Supervisors and Enumerators will be essential to ensure that data are recorded consistently across SACCOs, even though SACCOs may keep data in different formats. This is important for calculation of several key ratios (OSS, PAR, ROA)<sup>5</sup>. Operating costs and financial costs should be recorded separately. If the SACCO is not aging its portfolio, an effort needs to be made to obtain at least the principal value of loans that are more than 30 days in arrears (in order to calculate PAR). The survey should also be used to provide a baseline as well as feedback to SACCOs on the adequacy of and gaps in their data systems.
- d) The PMU together with UCSCU should prepare basic training material and checklists on these issues that teams can take to the field. It would be particularly useful for UCSCU to prepare a checklist of the basic documentation that a SACCO should be expected to have which the Enumerator would fill out and leave a copy. This would give both UCSCU and the SACCOs information on where the major gaps are (which would help in tailoring training and mentoring programs).
- e) Initial training of Field Teams for the first two regions ideally should take at least 3 days: one day of training; one day of pilot testing in SACCOs around Kampala (preferably those not on the short list); and one day of discussions and fine-tuning of the survey instrument. In subsequent regions, additional one-day training sessions in the field will be needed to train new enumerators that may be brought in in those regions.

#### **4. Revise MTIC questionnaire and database to include baseline assessment and MFPED census data [November 2014]**

- a) The MTIC Questionnaire and database format will need to be adjusted to incorporate some additional data needed for the Assessment of SACCOs for inclusion in PROFIRA and for the calculation of a Sustainability Index to be used as a baseline and for subsequent tracking of the SACCOs supported by PROFIRA, as well as for the Baseline study.<sup>6</sup> Examples of additional indicators required include:
- Days per week that it is open
  - Names of sub-counties in which branches are located [need to be able to use database to see how many SACCOs have branches in each sub-county]
  - How often the SupCo meets
  - Gender composition of Board and staff
  - Manager's level of training
  - Training received from different sources
  - Loans outstanding from Microfinance Support Centre
  - Presence and operational status of computers
    - Does head office have a computer? If so, when purchased:
    - Is a new computer required for MIS?
    - Number of branches \_\_ computerized; \_\_ not computerized
  - Presence and name of MIS system: \_\_\_\_\_
    - Are current staff trained in using it?
  - Lending for production and commercial activities: % of loan portfolio for:
    - Agriculture
    - Commercial/business loans

<sup>5</sup> Operational self-sustainability, Portfolio at risk, Return on assets and Financial self-sustainability were the indicators used for "Reality Check" calculations in RFSP. Nevertheless, it has been agreed no longer to try to gather data for FSS going forward. FSS was necessary under RFSP in order to adjust for the operational subsidies and implicit subsidy on interest rates on MSC loans, and these data were known. Since there are no longer major subsidies in the system, it is no longer necessary to estimate FSS as well as OSS.

<sup>6</sup> See PIM Annex III, Attachment E (pp. 46-50), "Data Analysis for SACCO Status at End of RFSP (PROFIRA Baseline)."

- b) Cross-check MTIC questionnaire against Annex 1 Baseline Data to identify additional questions that need to be included
- c) The MTIC questionnaire should also be reviewed by MFPED to ensure that it is fully consistent with the data required for its census of all Tier 4 institutions.
- d) Revise MTIC questionnaire; and print questionnaires for 2013 as well as 2012.
- e) Review MTIC database software (and update if need be) to be sure that it can accommodate the additional data.  
*[Note: This has implications for continued involvement of the software designer to update the software to include the additional variables, as well as to calculate the variables shown in the PIM, Annex III, Attachment B.]*

## **5. Implement field survey [Jan-April 2015]**

Begin in the PROFIRA Round 1 priority regions [likely Eastern and Northern]

## **6. Data entry and cleaning [March-June, 2015]**

- a) Initially, enter the data into PROFIRA database so that it can be used (i) for selection of SACCOs to be supported (as well as control group to be monitored for comparison) and (ii) for Baseline Study analysis. [PMU may need to acquire suitable software for such data analysis; in particular, a system that is flexible in the number and types of variables it can include and analyze.]
- b) Do initial runs of the data and conduct consistency checks to identify problems; clean up the data (and follow up with SACCOs where there are questions or inconsistencies).
- c) MTIC will then enter the relevant data into its database. [MTIC may not utilize all the data needed for the other purposes.]

## **7. Analyze coverage of Districts and Sub-counties (first in Zone 1 then Zone 2)**

- a) List all districts (by sub-region, and by urban and rural within each sub-region) and the number of SACCOs in each district
- b) Identify any districts that have only 1 SACCO (which will be automatically included on the shortlist; although those based in urban districts may be ultimately selected only for the MIS support, or only if they have a branch in a rural sub-county)
- c) In the rural districts, list all the sub-counties that have only 1 SACCO or SACCO branch – which will be automatically included on the shortlist.

## **8. Obtain a Shortlist of SACCOs for PROFIRA using the 2013 data [Zone 1 (priority sub-regions): April-May 2015; Zone 2: May-June 2015]**

- a) Automatically include on shortlist if:
  - Only SACCO in the district [except Kampala]
  - Zone 1: only SACCO (or branch) in a sub-county
- b) Exclude from shortlist if:
  - Based in Kampala [other districts classified as 'urban' are not initially excluded because they may have branches in surrounding rural areas].
  - Zone 2 only: large and profitable, i.e.:
    - > 1000 members and OSS > 150; or
    - share capital > UGX 300 million and savings > UGX 1.5 billion [i.e., meets criteria for BoU license as MDI].
  - Small membership:
    - < 100 in Zone 1
    - < 150 in Zone 2
  - Poor loan recovery rates:
    - PAR > 0.40 in Zone 1
    - PAR > 0.30 in Zone 2
  - Dormant, or operating fewer than 5 days a week.
- c) Undertake preliminary classification of shortlist (i.e., all those automatically include and all the remainder [for which data are available] that have not been excluded):



- A+ : OSS  $\geq 120$  and share capital in the range UGX 100-300 million or savings deposits in the range UGX 300-1.5 billion [applying the criteria relevant to UMRA];
  - A : OSS = 100-119; or OSS  $\geq 120$  and share capital < UGX 100 million and savings deposits < UGX 300 million.
  - B : OSS in the range 60-99; or OSS  $\geq 100$  and either share capital < UGX 100 million or savings deposits < UGX 300 million.
  - Turnaround: OSS < 60 and PAR < 0.60. Also: operating 5 days a week or judged by the Field Team to be suitable for turnaround efforts to solve an identifiable problem (governance, management, membership).
- d) Compare the classification to the following targets for distribution on the shortlist (based on preliminary expectations about the likely distribution of SACCOs in each zone):

Category	Desirable range for shortlist			Tentative targets for selection		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
<b>A+ *</b>	45-70	95-115	140-185	45	95	140
<b>A</b>	100-105	120-125	220-230	85	105	190
<b>B</b>	110-115	70-75	180-190	95	45	140
<b>T</b>	35-40	10-15	45-55	25	5	30
<b>Total</b>	290-330	295-330	620-660	250	250	500

*\*Note: ideally the minimum number for Category A+ should be 15-20 more than indicated, but it is recognized that it may be difficult to achieve such numbers.*

- e) Undertake needed adjustments and iterations, e.g.:
- If the total number in Zone 1 is in the range of 310-330 but the distribution is different, make some adjustments in the distributions by Zones.
  - If the total number in Zone 1 is too small:
    - Try adding some additional neighboring relatively poor districts to Zone 1.
    - Raise the PAR cut-off to PAR > 0.50.
  - If the total number in Zone 1 is too large:
    - [Could remove some of the added districts; however, that would likely mean too many in Zone 2, so better to address by tightening up other criteria.]
    - Lower the PAR cut-off to PAR > 0.35 or 0.30.
    - Raise the minimum membership size cut-off to 150.
  - If the number in Zone 2 is too large (overall, or in any one category):
    - Exclude those with membership > 1000 (Size = 3).
    - Lower the PAR cut-off to PAR > 0.25.
    - Raise the minimum membership size cut-off to 200.
  - If the number in categories A+ or A is too small (either Zone):
    - Lower the share capital and savings criteria;
    - If need be, slightly lower the OSS criteria.
  - If the number in category A+ is too large, impose a limit on PAR (e.g., < 20% in Zone 1 and < 10% in Zone 2).
  - If the number in category B in Zone 2 is too small:
    - Raise the PAR cut-off to PAR > 0.35.
    - Lower the minimum membership size cut-off to 125.
- f) Revise the above table to show revised targets for each Zone and Category and the actual numbers in the shortlists for each Zone. [The shortlisted number in each Zone and Category should be at least 10 greater than the revised target.]

## **9. Make final selections for PROFIRA support from the shortlists [June 2015]**

- a) Automatically select those that are:
  - Only SACCO in the district [except Kampala]
  - Zone 1: only SACCO (or branch) in a sub-county
- b) Turnaround SACCOs: Consult with MTIC and with UCSCU Field Officers (as well as looking at qualitative information from the questionnaires) in order to select those that are most likely to be susceptible to turnaround efforts.
  - From among those shortlisted but not selected for PROFIRA support, randomly select 5-10 to be monitored as a Control Group for comparison to the performance of those assisted.
- c) For Category A+, if only the minimum number can be identified to achieve the target, then all will have to be selected.
- d) For each Zone and Category (other than T; and A+ if the preceding situation applies):
  - Randomly select the required target number from the number shortlisted in each category;
  - From among those shortlisted but not selected for PROFIRA support, randomly select 10 to be monitored as a Control Group for comparison to the performance of those assisted – i.e., a total of at least 40 up to 60 (if there are more than enough A+ SACCOs shortlisted).
- e) For Category A+, assess and group them (using information from the survey questionnaires, in the database) as follows:
  - Adequate computer capacity, need MIS software and training (target: 50);
  - Have satisfactory MIS (not necessarily the same as the one being procured); just need advanced or refresher training for staff (target: 100);
    - Need to document which MIS systems are in place in order to procure the appropriate service providers (likely by direct contracts).
  - Need computerization (new or updated) in order to be able to accommodate and utilize the MIS software.
    - PMU needs to consult with SACCO industry experts to determine the most suitable package of hardware (computer, printer, UPS, etc.) and procure 50 sets during the first year, to be provided to A+ and A SACCOs that need them for MIS).

[Note: targets are preliminary, and can be adjusted to reality – especially if the analysis is done before contracts are negotiated.]

## **10. Conduct 2013 baseline analysis of status of SACCO sector; procure Software & Consultant if needed**

[see separate update of Detailed Instructions for Baseline Analysis]

- a) The PMU should be able to use its database to:
  - Run the data and calculate the ratios needed for Tables 1-5
  - Do the cross-tabulations and calculate indexes for Tables 6-9
- b) If the existing software is not suitable for constructing new variables and ratios and doing cross-tabulations, then software should be procured.
- c) Writing up the results could be part of the TOR for the consultant hired to do the PROFIRA Baseline Study;
  - However: the PROFIRA Baseline is more oriented toward indicators linked to the LogFrame and RIMS, not in-depth analysis of SACCOs.
  - Hence, it may be desirable to engage a consultant to undertake further analysis of the data and write up a report on the Status of the SACCO Sector in 2013; the TOR and oversight should presumably be done in collaboration with MTIC.

### **11.Updating of database for 2015: Baseline for impact evaluation using Randomized Controlled Trial (RCT) methodology**

- a) As service providers are not likely to be contracted and begin work before late in the calendar year 2015, the 2013 data will not really be suited for careful impact evaluation of PROFIRA training on the selected SACCOs vs. the Control Group.
- b) Hence mid/late 2016 is a critical time for field teams to again visit SACCOs to update the database for 2015 data – at least for the 500 SACCOs selected for PROFIRA support plus the 50-70 in the Control Group.

### **12.Further updates for 2017 and 2019 data**

- a) If MTIC is able to update its database annually, then that dataset may be adequate to do basic evaluation of the impact of training.
- b) Nevertheless, it would be prudent to plan a further data-gathering exercise in mid/late 2018 to obtain data for 2017, in order to compare (hopefully in time for Mid-term Review):
  - PROFIRA-supported SACCOs that began receiving training only in 2018 vs. those
  - PROFIRA-supported SACCOs that came on-stream in 2016 compared to the Control Group.
- c) In any case, a full-scale survey of all SACCOs should be programmed for late 2020 to obtain data in time for Project Completion and Evaluation for:
  - Evaluating impact on PROFIRA-supported SACCOs compared to the Control Group.
  - Status of the SACCO Sector in 2019 compared to the 2013 Baseline.

## Attachment 2 to Technical Annex 1

### Baseline Analysis of PROFIRA Database of SACCOs: Detailed Instructions (excluding selection process for PROFIRA support)

*Note: References starting with a letter are to the question numbers in the questionnaire administered by MTIC. The first step would be to translate these to variable names or column numbers in the actual database. The MTIC questionnaire is to be updated to include a larger number of indicators needed also for the PROFIRA database and MFPED census, so question numbers may change. It is assumed that the 2013 data from the SACCO survey being undertaken in 2015 will be entered into a PROFIRA database for baseline and future analysis. Selected data can then be used to update the MTIC database.*

#### I. Undertake cross-checking and cleaning data for consistency

- a) Identify each SACCO for which the following occurs:
  - Total members (C.13.a) is less than members fully paid up (C.13.b).
  - Sum of Capitalization + Borrowed funds + Savings is less than loan portfolio:  
 $G.23c+e+g+h + G.23.d + H.26 < I.30(\text{total})$ .
  - Gross income less Expenditure is different from Net income (for both 2011 and 2010):  
 $J.39 \text{ line } 1 \text{ minus } J.39 \text{ line } 2 \neq J.39 \text{ line } 3$ .
- b) Investigate and clean the data for each SACCO for which any of the above anomalies occur; first priority is to contact the SACCO to resolve the issue. [If inconsistencies remain, the entry can be maintained if the overall record looks generally OK; utilize Gross income less Expenditures, rather than Net income.]

#### II. Create additional variables for analysis [and calculate ratios]

*Note: These variables are to be created based on the information in the database and added to the data for each SACCO, in order to facilitate some of the analysis, e.g., cross-tabulations by location, size and age categories.*

##### 1. For analytical groupings:

- a) Location: Urban/rural: (using item A Sub-county or Municipality) [**"RURAL"**]

0 Urban if in one of the 103 sub-counties or municipalities identified as urban in the WRI data sheet  
1 Rural if outside those sub-counties

Note: For purposes of analyzing the distribution of SACCOs by district and sub-county, it is essential that there will be entries in the basic database for questionnaire entries giving:

- District of SACCO head office
- All sub-counties in which the SACCO has a head office or branch

- b) Size: [**"SIZE"**]

0 : Under 100 fully paid-up members (C.13.b total, including groups, institutions etc.)

1a: 100-149 paid-up members

1b 150-299 paid-up members

2 300-999 paid-up members

3 1000 or more paid-up members

- c) Zone: [**"ZONE"**]

1 Poorer districts (those sub-regions selected for Component 2 plus adjacent poor districts selected also as priority poor districts for Component 1)

0 Less poor districts (those not selected for Zone 1)

- d) Age: [**"AGE"**]

AGE = 2013 – year registered (sec. A line 4) [leave blank if there is no entry for year registered – i.e., treat as missing data]

AGE Category:

0 Date registered 2006 or before (sec. A line 4)

1 Date registered 2007 or later

Blank Missing data on year registered

## 2. Leadership variables (from questions B.2-4):

TL = Total leadership = sum of Totals in B.2+B.3+B.4

FTL = Female total in leadership positions = sum of Females (adults + youth) on Board [B.2] plus Females (adults + youth) on Credit Committee [B.3] plus Females (adults + youth) on Supervisory Committee [B.4]

YTL = Youth in all leadership positions = sum of Youth (M+F) on Board [B.2] plus Youth (M+F) on Credit Committee [B.3] plus Youth (M+F) on SupCo [B.4]

[Ratios to be calculated:

Female share of total leadership:  $FTL/TL$

Youth share of total leadership:  $YTL/TL$

## 3. Management and staff (from question B.6.a):

TM = Total management = line 1 Males + Females

TS = sum of all lines (including Manager), Males + Females

TSF = sum of Females only, all lines (including Manager)

[Ratios to be calculated:

Female share of management:  $\text{Female managers}/TM$

Female share of total staff:  $TSF/TS$

## 4. Individual Membership: C.13.a

(from raw data: IMA = Male adult; IMY = Male youth; IFA = Female adult; IFY = female youth)

TI = IMA+IMY+IFA+IFY (this is less than the recorded Total for 13.a, which includes Coops, Institutions and Groups)

[Ratios to be calculated:

Female share of individual members:  $(IFA+IFY)/TI$

Youth share of total members:  $(IMY+IFY)/TI$

Fully paid-up individual members: C.13.b

(from raw data: PMA = Male adult; PMY = Male youth; PFA = Female adult; PFY = female)

TP = PMA+PMY+PFA+PFY (this is less than the recorded Total for 13.b, which includes Coops, Institutions and Groups)

Fully paid-up Group members: GP

[Ratios to be calculated:

Female share of paid-up individual members:  $(PFA+PFY)/TP$

Youth share of total individual members:  $(PMY+PFY)/TP$

Paid-up individual members as share of total:  $TP/TI$

Group members as share of total:  $GP/\text{Total for 13.b}$

Dormant members: C.14.b

(from raw data: DMA = Dormant male adults; DFA = Dormant female adults; DMY = dormant male youth; DFY = dormant female youth )

Active members:

AMA (active male adults) = IMA - DMA

AFA (active female adults) = IFA - DFA

AMY (active male youth) = IMY - DMY

AFY (active female youth) = IFY - DFY

TA = Total active members = AMA + AFA + AMY + AFY

[Ratios to be calculated:

Female share of active members:  $(AFA+AFY)/TA$

Youth share of total active members:  $(AMY+AFY)/TA$

Active members as share of total:  $TA/TI$   
 Active members as share of paid-up members:  $TA/TP$

## 5. Group members

GP (fully paid up group members): C.13.b Groups

TGP = estimated total group members =  $GP * 24$

[Ratios to be calculated:

Groups as a share of all paid-up members:  $GP/C.13.b \text{ total}$

Group members to total individual members:  $TGP/TI$

## 6. Capitalization

TC = total accumulated capitalization =  $G.23.c+e+g+h$  [excluding d and f]  
 = shares + grants + actual accumulated reserves + retained earnings

[To be calculated: Leveraging =  $Borrowed \text{ funds}/TC = G.23.d/TC$

Capital adequacy:  $TC/Total \text{ Equity [J.40]}$

TCS = total capital plus savings =  $TC + TS$  (H.26 total)

[To be calculated: ratio of loans to:

Deposits (savings):  $I.30 \text{ (total)}/TS$  (H.26 total)

Total capital + savings:  $I.30 \text{ (total)}/TCS$

## 7. Savings

Number of Savers (as proportion of paid-up members):

[from raw data: H.25: MAS = # of male adults; MYS = # of male youth; FAS = # of female adults;

FYS = # of female youth; GS = # of Groups]

TS = total individual savers =  $MAS + MYS + FAS + FYS$

[To be calculated:

Female share of all savers:  $(FAS+FYS)/TS$

Propensity to save in each group:

$MAS/PMA$

$MYS/PMY$

$(MAS+MYS)/(PMA+PMY)$  all men

$FAS/PFA$

$FYS/PFY$

$(FAS+FYS)/(PFA+PFY)$  all women

$(MYS+FYS)/(PMY+PFY)$  all youth

$GS/GP$

$TS/TP$

Value of savings: H.26: MASV = by male adults; MYSV = by male youth; FASV = by female adults;

FYSV = by female youth; GSV = by Groups

[To be calculated: Average savings per saver:

Overall:  $H.26 \text{ total}/H.25 \text{ total}$

Women:  $(FASV+FYSV)/(FAS+FYS)$

Men:  $(MASV+MYSV)/(MAS+MYS)$

Youth:  $(MYSV+FYSV)/(MYS+FYS)$

Groups:  $GSV/GS$

## 8. Borrowers and Loan Portfolio:

[from raw data: I.27 loans in last year: MAL = # male adult loans; MYL = # male youth loans; FAL = # female adult loans; FYL = # female youth loans; GL = # of group loans

TL = total individual loans in last year =  $MAL + MYL + FAL + FYL$

Loan amounts: I.28: MALV = value of male adult loans; MYLV = value of male youth loans; FALV = value of female adult loans; FYLV = value of female youth loans; GLV = value of group loans

[To be calculated:

Female share of all individual borrowers:  $(FAL + FYL)/TL$

Propensity to borrow in each group:

$(MAL+MYL)/(PMA+PMY)$  all men

$(FAL+FYLV)/(FMA+FMY)$  all women

$(MYL+FYL)/(PMY+PFY)$  all youth  
 Active:  $TL/TA$  (loans during last year / total active members)  
 Cumulative:  $I.29/TP$  (cumulative number of loans / paid-up members)  
 Average loan size:  
 Overall:  $H.28 \text{ total}/H.27 \text{ total}$   
 Women:  $(FALV+FYL)/(FAL+FYL)$   
 Men:  $(MALV+MYLV)/(MAL+MYL)$   
 Youth:  $(MYLV+FYL)/(MYL+FYL)$   
 Groups:  $GLV/GL$

## 9. Loan delinquency

Value of delinquent loans: I.32.b

D30 = more than 30 days overdue = sum of I.3.b all lines except first

D90 = more than 90 days overdue = sum of last three lines (91-180 + 181-365 + >365)

D180 = more than 180 days overdue = sum of last two lines (181-365 and >365)

D365 = more than 365 days overdue = last line

[To be calculated:

Portfolio at risk:

Current loans: **New PAR30** =  $(D30-D365) / I.28 \text{ Total}$

NewPAR 90 =  $(D90-D365) / I.28 \text{ Total}$

Cumulative: **CumPAR30** =  $D30 / I.30 \text{ total}$

CumPAR > 90 =  $D90 / I.30 \text{ Total}$

CumWriteOff =  $D180 / I.30 \text{ total}$

Note: If data on delinquency are missing, record PAR as 0.0; this group will not be excluded from consideration, but classified separately for further follow-up.

Number of loans delinquent:

Breakdown of number of outstanding loan accounts [Q29]: MAL = Male adult loans; MYL = Male youth loans; FAL = Female adult loans; FYL = Female youth loans; GL = Group loans

Breakdown of number of delinquent loan accounts [Q31]: MAD = Male adult loans; MYD = Male youth loans; FAD = Female adult loans; FYD = Female youth loans; GD = Groups in delinquency

[Ratios to be calculated: Propensity to be delinquent:

Proportion of loan accounts delinquent:  $I.31 \text{ total} / I.29 \text{ total}$

Male delinquency:  $(MAD+MYD)/(MAL+MYL)$

Female delinquency:  $(FAD+FYD)/(FAL+FYL)$

Youth delinquency:  $(MYD+FYD)/(MYL+FYL)$

Group delinquency:  $GD/GL$

Delinquency rates (amounts):

Breakdown of value of outstanding loan amounts: [Q30] MALA = Male adult loans; MYLA = Male youth loans; FALA = Female adult loans; FYLA = Female youth loans; GLA = Group loans

Breakdown of number of delinquent loan amounts [Q32]: MADA = Male adult loans; MYDA = Male youth loans; FADA = Female adult loans; FYDA = Female youth loans; GDA = Groups in delinquency

[Ratios to be calculated: Delinquency rates:

Proportion of total loan amount delinquent:  $I.32 \text{ total} / I.30 \text{ total}$

Male delinquency rate:  $(MADA+MYDA)/(MALA+MYLA)$

Female delinquency rate:  $(FADA+FYDA)/(FALA+FYLA)$

Youth delinquency rate:  $(MYDA+FYDA)/(MYLA+FYLA)$

Group delinquency rate:  $GDA/GLA$

Actual write-off ratio:  $I.33a / I.30$

## 10. Sustainability

**OSS** = operational self-sustainability = gross income/expenditure = J.39 line 1/line 2

### III. Additional ratios to be calculated (besides those listed above)

1. People trained as a share of:

Active members:  $B.7/TA$

Leaders:  $B.8/TL$

Staff:  $B.9/TS$

2. Proportion of members by age category:

Children (12-17): C.13.c line 1 total/TI

Youth (18-30): C.13.c line2 total/TI

Adults (31-60): C.13.c line3 total/TI

Elderly (61 & above): C.13.c line4 total/TI

[cross-check if adds up to 100%; if not, replace TI by the sum of the lines in C.13.c]

3. Liquidity – relative to:

Liabilities: J.40: (Total Current Assets – Total Current Liabilities) / Total Current Liabilities

Deposits: G.24.a/H.26 total

4. Returns/Profitability

Return on Assets: Net income/Total current assets = J.39 line 3 / J.40 line 2

Return on Equity: Net income/Total equity = J.39 line 3 / J.40 line 5

Profitability: J.39 line 3/line 1

#### IV. Distribution of SACCOs by Degree of Likely Sustainability

1. For all calculations below: Select SACCOs with Permanent registration (Sec. A., line 5); i.e., exclude those on Probation)

2. Run cross-tabs of Size and OSS according to the categories shown in Table 1A. (Those that are lacking either size or OSS data are entered as “insufficient data”).

a) Calculate percentages of those with adequate data (Table 1B).

**Table 1A: Distribution of SACCO by Size and Level of Operational Sustainability:  
Number of SACCOs in Each Cell**

Size: Number of Members	Category of Operational Sustainability					TOTAL
	“O” OSS ≥ 120%	“A+” OSS =100- 119%	“A” OSS =80-99%	“B/B+” OSS =60-79%	“X” OSS < 60%	
“3”: ≥ 1000						
“2”: 250-999						
“1”: 150-249						
“1a”: 100-149						
“0”: < 100						
TOTAL						
Insufficient data						

**Table 1B: Distribution of SACCO by Size and Level of Operational Sustainability:  
Percentage of SACCOs in Each Cell**

Size: Number of Members	Category of Operational Sustainability					TOTAL
	“O” OSS ≥ 120%	“A+” OSS =100- 119%	“A” OSS =80-99%	“B/B+” OSS =60-79%	“X” OSS < 60%	
“3”: ≥ 1000						
“2”: 250-999						
“1”: 150-249						
“1a”: 100-149						
“0”: < 100						
TOTAL						100.0%

3. Estimate the share of SACCOs likely to be fully self-sustainable; i.e. those with the following combinations of characteristics (green shading):

- SIZE = 3 (1000 or more members) and OSS > 100% (“O” or “A+”)
- SIZE = 2 (250-999 members) and OSS > 120%



4. Estimate the share of SACCOs with poor prospects for sustainability, i.e. those with the following combinations of characteristics (red shading):

- SIZE = 0 (fewer than 100 paid-up members) and OSS < 100 ("A", "B+", "B", "X")
- SIZE = 1 or 1a (100-249 members) and OSS < 80% ("B+", "B", "X")
- SIZE = 2 or 3 and OSS < 60% ("X")

5. Remainder can be considered as "potentially sustainable."

Table 1C: Summary of SACCOs by Level of Sustainability

Level of sustainability	Number	Percentage
Self-sustainable [green areas = para. 4]		
Potentially sustainable [white areas = para. 6]		
Low sustainability [red areas = para. 5]		
Total		100.0%
Insufficient data		

## V. Data Analysis for SACCO Status at End of RFSP (PROFIRA Baseline)

### V.A Comparisons of Key Indicators

Select only those with Permanent status (sec. A line 5); exclude those on Probation.  
 For the total sample of Permanent status, analyze according to the tables below:

Table 2: SACCO Membership

	All SACCOs	Urban	Rural
Permanent registration: Number of SACCOs			
Percentage distribution (urban/rural)	100%		
Membership:			
Total [C.13.a Total]			
Number fully paid-up [C.13.b Total]			
As a % of total membership			
Average per SACCO			
Individual members			
Total [TI]			
Number fully paid up [TP]			
As a % of total [TP/TI]			
Percentage distribution (urban/rural)	100%		
Group members (paid up):			
Number of fully paid up groups			
As a % of total paid-up members [C.13.b Total]			
Estimated number of group members			
As % of total individual members [TGP/TI]			
Female shares of:*			
Individual members (IFA+IFY)/TI			
Paid-up members: (PFA+PFY)/TP			
Active members: (AFA+AFY)/TA			
.....All savers: (FAS+FYS)/TS			
All borrowers: (FAL +FYL)/TL			
Youth shares of: *			
Individual members (IMY+IFY)/TI			
Paid-up members: (PMY+PFY)/TP			
Active members: (AMY+AFY)/TA			
Age composition of members (%):*			
Children (12-17): C.13.c line 1 total/TI			
Youth (18-30): C.13.c line2 total/TI			

Adults (31-60): C.13.c line3 total/TI			
Elderly (61 & above): C.13.c line4 total/TI			
Total	100%	100%	100%
*Average for each column should be calculated by taking the ratio of the sum of all members in the numerator to the sum of all in the denominator (not by taking the average of the ratio for each SACCO).			

**Table 3: SACCO Leadership and Staff**

	All SACCOs	Urban	Rural
Total number of leaders [TL]			
Average per SACCO			
Total number of managers and staff [TS]			
Average per SACCO			
Female share of:			
Total leadership: FTL/TL			
Managers: Female managers/TM			
Total staff (including managers): TSF/TS			
Youth share of total leadership: YTL/TL			
Proportion receiving training among:			
Active members: B.7/TA			
Leaders: B.8/TL			
Staff: B.9/TS			
Training providers: [B.10]			
Number of respondents citing:			
<ul style="list-style-type: none"> <li>The society itself</li> <li>MSC</li> <li>UCA</li> <li>UCSCU</li> <li>UCCK</li> <li>Cooperative Department</li> <li>AMFIU</li> <li>Others</li> </ul>			

**Table 4: SACCO Financial Performance**

	All SACCOs	Urban	Rural
Operational self-sufficiency (OSS):			
Average of individual SACCO OSS			
Median OSS			
Profitability:			
% profits in preceding year [J39 line 3/line 1]			
Return on Assets: J.39 line 3 / J.40 line 2			
Return on Equity: J.39 line 3 / J.40 line 5			
Capital:			
Total share capital [G.23.c]			
Total capitalization (incl. grants, retained earnings, reserves): TC			
Total savings (deposits) [H.26 total]			
Total capital plus savings: TCS			
Average per SACCO:			
Capitalization			
Savings			
Capital + savings			
Capital adequacy: TC/Total Equity [J.40]			
Loan portfolio:			
Total outstanding [I.30]			
Average per SACCO			
As % of savings deposits: I.30/H.26			
As % of total capitalization: I.30/TC			
Delinquency:			

Proportion of delinquent loans: Accounts: I.31 total / I.29 total			
Amount: I.32 total / I.30 total			
Portfolio at Risk:			
Cumulative:			
CumPAR30 = D30 / I.30 total			
CumPAR > 90 = D90 / I.30 Total			
CumWriteOff = D180 / I.30 total			
Current (last financial year):			
New PAR30 = (D30-D365)/I.28 Total			
NewPAR 90 = (D90-D365) / I.28 Total			
Actual write-off ratio: I.33a / I.30			
Liquidity – relative to: Liabilities: J.40: (Current Assets-Liabilities)/ Current Liabilities			
Deposits: G.24.a/H.26 total			

**Table 5: Saving and Borrowing**

	All SACCOs	Urban	Rural
Total savings (deposits):			
Average number of accounts/SACCO [H.25]			
Total amount [H.26 total]			
Average amount per SACCO			
Propensity to save:			
Women: (FAS+FYS)/(PFA+PFY)			
Men: (MAS+MYS)/(PMA+PMY)			
Youth: (MYS+FYS)/(PMY+PFY)			
Savings per person saving:			
Overall: H.26 total/H.25 total			
Women: (FASV+FYSV)/(FAS+FYS)			
Men: (MASV+MYSV)/(MAS+MYS)			
Youth: (MYSV+FYSV)/(MYS+FYS)			
Groups: GSV/GS			
Current loan portfolio (last FY) :			
Number of loans last year per SACCO [I.27]			
Total amount [I.28]			
Average amount per SACCO			
As % of savings deposits: I.28/H.26			
Average loan size:			
Overall: H.28 total/H.27 total			
Women: (FALV+FYL)/(FAL+FYL)			
Men: (MALV+MYLV)/(MAL+MYL)			
Youth: (MYLV+FYL)/(MYL+FYL)			
Groups: GLV/GL			
Propensity to be delinquent:			
Overall: [I.31/I.29]			
Women: (FAD+FYD)/(FAL+FYL)			
Men: (MAD+MYD)/(MAL+MYL)			
Youth: (MYD+FYD)/(MYL+FYL)			
Groups: GD/GL			
Delinquency rates (% of loan amount delinquent):			
Overall: [I.32/I.30]			
Women: (FADA+FYDA)/(FALA+FYLE)			
Men: (MADA+MYDA)/(MALA+MYLA)			
Youth: (MYDA+FYDA)/(MYLA+FYLE)			
Groups: GDA/GLA			

**Table 6: Other indicators**

	All SACCOs	Urban	Rural
Percentage of loan portfolio going to:			
Agriculture			
Commercial/business loans			

## V.B Cross-tabulations

**Table 7: Cross-tabulations between Age and Size**

**Table 7.a. Distribution of SACCOs by Size According to Period of Registration (%)**

AGE Variable	SIZE Variable (number of members)						
	"0" under 150	"1" 150-299	"2" 300-999	"3" 1000 or more	Total	Row %	Col %
"1" Registered 2007 or later					100%		
"0" Registered 2006 or earlier					100%		
Total: Number							
Percentage					100%		100%

**Table 7.b: Operational Sustainability by Age and Size (median OSS)**

AGE Variable	SIZE Variable (number of members)						
	"0" under 150	"1" 150-299	"2" 300-999	"3" 1000 or more	Total	Row %	Col %
"1" Registered 2007 or later							
"0" Registered 2006 or earlier							
Total							

**Table 8: Cross-tabulation of SACCO Characteristics by Level of Operational Sustainability (average per SACCO, by group)**

Performance measure	Category of Operational Sustainability			
	"0" OSS > 120%	"A/A+" OSS =80-120%	"B/B+" OSS=60-79%	"X" OSS < 60%
OSS				
Paid-up individual members (TP)				
Share capital				
Savings				
Loan portfolio				
Value of delinquent loans				
NewPAR > 30				

## V.C Calculating Sustainability Indexes

### 1. Sustainability Score (from Reality Check)

Points to be awarded:

Points	OSS	FSS	ROA	PAR
3	> 125	> 100	> +5	< 10 (but > 0)
2	101-125	90-100	0-5	10-20
1	< 100	< 90	< 0	>20

Points for this institution:

- \_\_\_ OSS
- \_\_\_ FSS [note: if FSS not calculated, award same points as for OSS]
- \_\_\_ ROA
- \_\_\_ PAR

## \_\_\_ Total points

\_\_\_ Category: I = 10-12; II = 7-9; IIIa = 5-6; IIIb = 4

## 2. Proposed index for positive and negative factors

SUMMARY SCORE SHEET: POSITIVE FACTORS		
Check (tick) box on the right if:		
1a.	Active members $\geq$ 150	
1b.	Active members $\geq$ 250	
2.	% of women individual members $\geq$ 40%	
3a.	OSS $\geq$ 100	
3b.	OSS $\geq$ 60	
4a.	PAR (30 days) $\leq$ 10	
4b.	PAR (30 days) $\leq$ 40	
5.	AGM has been held in the last 15 months	
6.	Financial statements audited in the last 15 months	
7.	It is open at least 5 days a week	
8.	SupCo meets at least quarterly	
9.	50% of staff have been there over 2 years	
10.	Manager has Master's degree or Certificate or Diploma in SACCO management	
11.	MIS system generates reports at least monthly	
12.	It has a functioning computer	
Total number of positive checks:		

SCORE SHEET FOR NEGATIVE FACTORS		
Check (tick) box on the right if:		
1.	No AGM or audited financial statement in the last 15 months	
2.	Open less than 5 days a week	
3.	Less than half of staff have been there 2 years or more	
4.	SupCo does not meet at least quarterly	
5.	Manager does not have an advanced degree or diploma in cooperative management	
6.	PAR (30 days) $>$ 40	
7.	Women individual members $<$ 40% [unless offset by a large number of women's groups]	
Total number of negative factors:		

**Net score**  
(positive minus  
negative factors):

**Table 9: Distribution of SACCOs by Sustainability (Reality Check) Category**

Indicator	RFSP Supported SACCOs								All SACCOs	
	2009		2010		2011		2012		2012 rev	2013
	No	%	No	%	No	%	No	%		
Category 1	68	12.0	96	16.6	253	45.3	214	39.4		
Category 2	176	30.9	174	30.1	184	32.9	160	29.5		
Category 3(a)	95	16.7	101	17.4	41	7.3	82	15.1		
Category 3(b)	230	40.4	208	35.9	81	14.5	87	16.0		
<b>Total Reporting SACCOs</b>	<b>569</b>	<b>100%</b>	<b>579</b>	<b>100%</b>	<b>559</b>	<b>100%</b>	<b>543</b>	<b>100%</b>		
<b>Non-Reporting</b>	<b>166</b>	<b>22.6</b>	<b>156</b>	<b>21.2</b>	<b>176</b>	<b>23.9</b>	<b>192</b>	<b>26.1</b>		

<b>Total No of SACCOS</b>	<b>735</b>		<b>735</b>		<b>735</b>		<b>735</b>			
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Note: Last two columns to be calculated from the updated MTIC database. 2012 figures will be revised based on the data collected during the 2014 survey. Since data for FSS will not be collected, OSS should be counted twice in calculating the Reality Check score.

**Table 10: Average Sustainability Index Score (Positive and Negative Factors)**

Scoring	2012: By Regional Grouping			2013: By Regional Grouping		
	Priority	Less Poor	Total	Priority	Less Poor	Total
Positive factors (15)						
Negative factors (7)						
Net score						
Number reporting						

Note: Scoresheets for positive factors to be calculated from MTIC database updated with data collected in baseline assessment exercises and annual updating.

Note: For evaluation of the impact of PROFIRA training packages on “potentially sustainable” SACCOS using randomized controlled trial (RCT) methodology, Tables 8 and 9 should be tracked over time for the shortlisted SACCOS classified as “A” and “B”, comparing those that have received the training (“treatment group”) to those that have not (“control group”). [The shortlisted SACCOS classified as “A+” could similarly be compared, although the experimental design is not as robust in that the amount of training being provided under PROFIRA is limited and targeted and there is a greater risk of contamination of the “control group” (those not supported by PROFIRA) by training received from other sources.]

## Attachment 3 to Technical Annex 1

### Draft TOR for Tendering for Sub-Component 1.1 MIS Systems

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Republic of Uganda  
Ministry of Finance, Planning and Economic Development (MFPED)  
Project for Financial Inclusion in Rural Areas (PROFIRA)

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#### Terms of Reference for Service Providers, for Providing MIS Systems and Training to Savings and Credit Cooperatives

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**RECRUITMENT:** International competitive bidding from shortlist of 4 providers of proprietary MIS software used by SACCOs in Uganda

**SELECTION METHOD:** Quality and Cost Based Selection (QCBS)

**CONTRACT:** Performance-based 3-year contract, starting Programme Year 1.

**COVERAGE:** About 45 Savings and Credit Cooperatives (SACCOs) spread across all Regions of Uganda, with some concentration in the Western and Central Regions.

#### A. Background

The Government of Uganda and the International Fund for Agricultural Development (IFAD) have jointly designed the Project for Financial Inclusion in Rural Areas (PROFIRA). This 7-year development project came into force on 31 October, 2014. Its implementation is supported by an IFAD loan of around USD 30 million and grant of USD 1 million. A Project Management Unit (PMU) under the Ministry of Finance, Planning and Economic Development (MFPED) is administering the project.

The overall *goal* of PROFIRA is to increase income, improve food security and reduce vulnerability in rural areas. Its *development objective* is to substantially increase access to and use of financial services by the rural poor population. PROFIRA aims to achieve its goal and objective through the implementation of three operational components:

- Component 1 – SACCO Strengthening and Sustainability
  - SACCO Strengthening
  - Developing a Sustainable SACCO Union
- Component 2 – Community Based Financial Services
  - Establishment of New Community Savings and Credit Groups
  - CSCG Strengthening, Innovation and Partnerships.
- Component 3 – Policy, regulatory and institutional environment

Given the Government's policy initiative since 2007 to make SACCOs a primary access point for financial inclusion in rural areas, and the substantial resources put into building their capacity under the previous Rural Financial Services Programme (RFSP), there is concern to make sure that SACCOs succeed in continuing to serve their communities and increasing their outreach. This requires that they be sustainable based on their own resources, that is, that they be capable of mobilizing adequate members and capital, managing their operations and loan portfolios effectively, providing high levels of accountability, and self-governing effectively. The experience of RFSP suggests that building capacities in these areas is the most cost-effective approach toward greater self-sustainability of SACCOs (established SACCOs were able to expand their capital and savings

mobilization on the order of double the cost of capacity-building and expand their loan portfolio by 2-6 times the cost). Hence PROFIRA is designed to focus the limited resources available on SACCOs that are considered “potentially sustainable” and on key areas of training to enable them to stand on their own.

*Rationale:* Legislation is in process to regulate microfinance institutions in “Tier IV” of the financial system, including SACCOs. The legislation is expected to mandate the establishment of a Uganda Microfinance Regulatory Authority (UMRA), which would license Tier IV institutions to engage in financial services, though it would directly supervise only the top tier of SACCOs (those with more than US\$ 100 million in share capital or US\$ 300 million in savings portfolio), with a few of the very largest supervised by the Bank of Uganda. The remainder would continue to fall under the regulatory authority of the Cooperatives Development Department in the Ministry of Trade, Industry and Cooperatives (MTIC). Improving the effective utilization computerized MIS systems is important not only to enhance sustainability of SACCOs through better monitoring and financial management, but also to prepare for compliance with expected prudential regulatory and reporting requirements, especially for those to be supervised by UMRA.

The Association of Microfinance Institutions of Uganda (AMFIU), together with its international and national partners, has developed the Performance Monitoring Tool and System (PMT/PMS). This translates basic performance data into indicators and ratios that are useful to managers, regulators, and analysts in making decisions and evaluating performance. It is important that SACCOs (and other microfinance institutions) use MIS systems that are compatible with the PMT and are able to generate reports that are useful to both managers and regulators. It partnered with RFSP in providing MIS systems and training to a number of SACCOs.

## **B. SACCO Strengthening Sub-Component**

The SACCO Strengthening sub-component 1.1 focuses on SACCOs that have demonstrated the potential to become financially strong and sustainable institutions. The objective is to enhance the capacity of the selected SACCOs to improve their services to members, increase membership, improve management and financial performance, and be able to meet regulatory requirements. Four packages of capacity building are being provided to a total of about 500 SACCOs through contracted service providers as follows:

- MIS software to about 40-50 SACCOs that meet the criteria for supervision by the proposed UMRA and are adequately computerized;
- MIS advanced/refresher training (and in some cases hardware) to about 90-100 SACCOs that meet the criteria for supervision and already have a suitable MIS system;
- Training in six key areas (financial literacy, governance, financial management, business development, and strategic planning) to about 350 SACCOs that have demonstrated an adequate level of commitment and performance in terms of membership and coverage of operating costs to be considered “potentially sustainable;”
- Credit and Default Management training to all of the above.

## **C. Objective of Assignment and General Scope of Work**

The objective of this assignment is to enhance financial management capabilities of selected SACCOs and their ability to comply with prudential reporting requirements by providing MIS software and training. The contractor is expected to assess the compatibility of the selected SACCOs’ computer systems with the MIS software to be provided; license and service the system for two years; and provide both initial and refresher training.

## **D. Activities**

1. Review PROFIRA background material and reports on SACCO MIS training.
2. Meet with PROFIRA PMU, Financial Services Department of MFPED, AMFIU and BoU to make sure that the software is compatible with the PMT and expected regulatory reporting requirements.



3. Assess the compatibility of the selected SACCOs' computer systems with the MIS software to be provided, as well as their capabilities and training needs. Provide each SACCO with a checklist or evaluation sheet indicating its strengths and weaknesses (or gaps) with respect to MIS. In the event that some of the selected SACCOs' computer systems are inadequate, immediately refer them to the PMU for grants toward purchase of the required hardware.
4. Provide (i) Training Manuals accompanied by (ii) Operating Manuals for SACCOs in using the software, as well as (iii) participant evaluation forms to be used at the end of each training and (iv) a simple checklist or evaluation sheet that can be used to assess each SACCOs strengths and weaknesses or gaps with respect to MIS both at the commencement and end of the assignment.
5. Install MIS software (within 12 months of commencement of contract), including a license, service agreement and technical support for 2 years (with option for SACCOs to renew).
6. Ensure data migration or entry and that the system is operational.
7. Provide on-site training to each SACCO in use of the software.
8. In the third year of the contract, provide repeat/refresher training and an assessment of each SACCO's strengths and weaknesses (or gaps) with respect to MIS, using the same evaluation format as in the initial assessment.

#### **E. Technical Specifications**

<< draw on MIS TOR from RFSP to insert technical requirements>>

#### **F. Reporting**

1. Inception report stating implementation strategy and how it will be coordinated with other service providers to the selected SACCOs.
2. Three quarterly progress reports each year on activities and delivery of training (number of MIS systems installed and SACCOs/participants trained); at least semi-annually, include a compilation of participant evaluations of training.
3. Annual reports summarizing progress and issues in implementation and compiling evaluations of training satisfaction, and a final report at completion. The first annual report and final report should compile and report on the evaluation sheets, as well as the extent of improvement of the final vs. the initial assessment.

#### **G. Payment**

The unit price per SACCO is taken to be the total contract amount divided by the estimated number of SACCOs to be serviced (as stated in the Request for Proposals, or at contract negotiation). It is proposed to negotiate a schedule for payments for various phases of implementation based on that amount, along the lines suggested below.

Initial payments for delivery of an Inception Report and a Training manual (including evaluation formats, guidelines and checklist for assessment) are suggested to total about 20% of the total contract amount. Payments for implementation of services to the SACCOs will then be based on 80% of the negotiated unit price, paid quarterly on the basis of the number of SACCOs reaching each stage as shown below. The total number of SACCOs covered may vary by a range of 15% more or less than the estimated number of SACCOs stated in the contract.

1. **Inception report:** 10% of total contract amount upon submission of a satisfactory Inception Report.
2. **Training and operational manuals and evaluation formats:** 5% of total contract amount.
3. **Implementation:** Payment will be made based on quarterly statements of the number of SACCOs successfully serviced in the preceding quarter, along the following lines:
  - Installation: MIS system certified by SACCO as operational: 30% of the unit cost per SACCO.
  - Initial training: 30% of the unit cost.
  - Refresher training: 10% of the unit cost per SACCO.
  - Final assessment: 10% of the unit cost upon SACCO statement of receipt of final assessment and satisfaction with the operational support received from the contractor during the two-year service period (i.e., any disputes or shortcomings have been resolved).

4. **Final report:** 5% of total contract amount upon submission of a satisfactory Final Report.

## H. Evaluation Committee

The Evaluation Committee for evaluation of the proposals should include professionals with adequate knowledge of MIS software and with the requirements of the PMT and prudential regulation. Such persons could be drawn from:

- AMFIU
- Uganda Institute of Banking and Financial Services (UIBFS)
- Bank of Uganda Supervision Dept.
- Development partners engaged in providing software or hardware to SACCOs
- Software companies.

## I. Evaluation Criteria

For QCBS evaluation of the proposals, the following is proposed:

1. A two-stage procedure will be utilized in evaluating the proposals, with evaluation of the technical component being completed prior to any financial component being considered and compared. Financial component will be considered only for those consultants who obtain a minimum of 80 % of the points allocated for the technical component. The total number of points, which a consultant may obtain for both components, is **[100]**.
2. The technical component, which has a total possible weighted value of **[80]** points, will be evaluated using the following criteria:

Nr	Definition of the criteria	Points
1	Technical compatability of the MIS software with the level of computerization in relatively larger SACCOs and with PMT and the types of reports required for prudential supervision	25
2	Proven references and similar experience, including with respect to SACCOs	15
3	Qualifications and competence of the key staff	25
4	Adequacy of the proposed work plan and methodology	15
5	Ability to achieve and manage nationwide coverage	10
6	Quality and consistency of the comments on the TORs and suggestions to enhance the objectives and the expected results of the assignment	10
	<b>TOTAL</b>	<b>100</b>

The points given to evaluation subcriteria for qualifications of staff (2) are:

Nr	Definition of the criteria	Points
2.1	General qualifications (background and post training)	20
2.2	Specific experience for the position in the assignment	50
2.3	Experience in working with SACCOs in Uganda	10
2.4	Language literacy in English and proficiency in computers and software	10
2.5	Computer literacy	10
	<b>TOTAL</b>	<b>100</b>

Total: 100 points

The minimum technical score (passmark to be qualified for the financial evaluation) is **80 points**

If the technical component achieves the requisite number of points, the financial proposal will be taken into account in the following manner:

The total amount of points allocated for the financial component is **(20 points)**. The maximum number of points will be allocated to the lowest price proposal that is opened and compared among those invited consultants who obtain the threshold points in the evaluation of the technical component. All

other financial proposals will receive points in inverse proportion to the lowest price; e.g. [total financial component] x [MTS lowest]/[MTS other] = points for other financial proposal.

## Attachment 4 to Technical Annex 1

### Terms of Reference for Grants to SACCOs for MIS Training and Upgrading Computer Systems under PROFIRA Sub-Component 1.1

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Republic of Uganda  
Ministry of Finance, Planning and Economic Development (MFPED)  
Project for Financial Inclusion in Rural Areas (PROFIRA)

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#### A. Background

The Government of Uganda and the International Fund for Agricultural Development (IFAD) have jointly designed the Project for Financial Inclusion in Rural Areas (PROFIRA). This 7-year development project came into force on 31 October, 2014. Its implementation is supported by an IFAD loan of around USD 30 million and grant of USD 1 million. A Project Management Unit (PMU) under the Ministry of Finance, Planning and Economic Development (MFPED) is administering the project.

The overall *goal* of PROFIRA is to increase income, improve food security and reduce vulnerability in rural areas. Its *development objective* is to substantially increase access to and use of financial services by the rural poor population. PROFIRA aims to achieve its goal and objective through the implementation of three operational components:

- Component 1 – SACCO Strengthening and Sustainability
  - SACCO Strengthening
  - Developing a Sustainable SACCO Union
- Component 2 – Community Based Financial Services
  - Establishment of New Community Savings and Credit Groups
  - CSCG Strengthening, Innovation and Partnerships.
- Component 3 – Policy, regulatory and institutional environment

Given the Government's policy initiative since 2007 to make SACCOs a primary access point for financial inclusion in rural areas, and the substantial resources put into building their capacity under the previous Rural Financial Services Programme (RFSP), there is concern to make sure that SACCOs succeed in continuing to serve their communities and increasing their outreach. This requires that they be sustainable based on their own resources, that is, that they be capable of mobilizing adequate members and capital, managing their operations and loan portfolios effectively, providing high levels of accountability, and self-governing effectively. The experience of RFSP suggests that building capacities in these areas is the most cost-effective approach toward greater self-sustainability of SACCOs (established SACCOs were able to expand their capital and savings mobilization on the order of double the cost of capacity-building and expand their loan portfolio by 2-6 times the cost). Hence PROFIRA is designed to focus the limited resources available on SACCOs that are considered "potentially sustainable" and on key areas of training to enable them to stand on their own.

Rationale: Legislation is in process to regulate microfinance institutions in "Tier IV" of the financial system, including SACCOs. The legislation is expected to mandate the establishment of a Uganda Microfinance Regulatory Authority (UMRA), which would license Tier IV institutions to engage in financial services, though it would directly supervise only the top tier of SACCOs (those with more than US\$100 million in share capital or US\$300 million in savings portfolio), with a few of the very largest supervised by the Bank of Uganda. The remainder would continue to fall under the regulatory authority of the Cooperatives Development Department in the Ministry of Trade, Industry and

Cooperatives (MTIC). Improving the effective utilization computerized MIS systems is important not only to enhance sustainability of SACCOs through better monitoring and financial management, but also to prepare for compliance with expected prudential regulatory and reporting requirements, especially for those to be supervised by UMRA.

The Association of Microfinance Institutions of Uganda (AMFIU), together with its international and national partners, has developed the Performance Monitoring Tool and System (PMT/PMS). This translates basic performance data into indicators and ratios that are useful to managers, regulators, and analysts in making decisions and evaluating performance. It is important that SACCOs (and other microfinance institutions) be capable of using their MIS systems to report to AMFIU in the PMT format and to be able to generate reports that are useful to both managers and regulators.

## **B. SACCO Strengthening Sub-Component**

The SACCO Strengthening sub-component 1.1 focuses on SACCOs that have demonstrated the potential to become financially strong and sustainable institutions. The objective is to enhance the capacity of the selected SACCOs to improve their services to members, increase membership, improve management and financial performance, and be able to meet regulatory requirements. Four packages of capacity building are being provided to a total of about 500 SACCOs through contracted service providers as follows:

- MIS software to about 40-50 SACCOs that meet the criteria for supervision by the proposed UMRA and are adequately computerized;
- MIS advanced/refresher training (and in some cases hardware) to about 90-100 SACCOs that meet the criteria for supervision and already have a suitable MIS system;
- Training in six key areas (financial literacy, governance, financial management, business development, and strategic planning) to about 350 SACCOs that have demonstrated an adequate level of commitment and performance in terms of membership and coverage of operating costs to be considered "potentially sustainable;"
- Credit and Default Management training to all of the above.

## **C. Objective**

The objective of this activity is to enable relatively sustainable SACCOs to enhance their capabilities to use automated management information systems (MIS) to enhance their financial management and their ability to comply with prudential and other reporting requirements.

## **D. Eligible Activities**

PROFIRA will fund 75% of the cost (up to a maximum subsidy amount of USD ???? ) of the following types of expenditures by selected SACCOs intended to enhance their capabilities to utilize existing MIS systems and/or to upgrade their hardware if needed to accommodate updated or new MIS system:

- Basic, refresher or advanced training in using their MIS systems;
- Computers and related equipment (including printers, UPS, cables and networking hardware).

## **E. Selection of SACCOs**

SACCOs that are eligible for PROFIRA support will be selected for this activity on the basis of having a high degree of potential sustainability and/or meeting the minimum criteria for eventual supervision by the proposed UMRA, i.e.:

- OSS = 100-119; or:
- OSS  $\geq$  120 and share capital < UGX 100 million and savings deposits < UGS 300 million

In addition, those ("A+") SACCOs selected for MIS systems may also be eligible for hardware (only), if the MIS service provider finds upon initial assessment that their computers are not adequate (whether in terms of age, capacity, or need to extend automation to all branches).

The PMU will make the selection using 2013 data following completion of the survey of SACCOs to obtain 2013 data and enter it into its database, and notify those eligible. It may hold regional sensitization workshops for these SACCOs (as well as those selected for MIS systems).

#### **F. Selection and Payment of Service Providers**

As SACCOs in Uganda are presently using only four proprietary MIS systems (Loan Performer; MBwin; Finance Solutions; Savings Plus; as far as presently known), they will need to be able to utilize their existing service providers. Hence PROFIRA will enter into Framework Contracts with authorized service providers for these systems to provide the eligible services and equipment to their clients that have been selected for this activity.

Each approved SACCO will submit a proposal with pro forma invoices to the PROFIRA PMU for pre-approval. When PMU has notified the SACCO and service provider of its approval (and the maximum amount, if the maximum is reached), the service provider may deliver the approved services and/or hardware. The service provider must present to PROFIRA evidence that the SACCO has paid its 25% share as a basis for requesting payment from PROFIRA to the service provider for its 75% share (up to the maximum amount of subsidy).

## Attachment 5 to Technical Annex 1

### Draft TOR for Tendering for Sub-Component 1.1 Credit & Default Management

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Republic of Uganda  
Ministry of Finance, Planning and Economic Development (MFPED)  
Project for Financial Inclusion in Rural Areas (PROFIRA)

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#### Terms of Reference for Service Providers for Credit and Default Management Training to Savings and Credit Cooperatives

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**RECRUITMENT:** International competitive bidding

**SELECTION METHOD:** Quality and Cost Based Selection (QCBS)

**CONTRACT:** Performance-based 3-year contract, starting Programme Year 1.

**LOTS:** 4 contracts, each to provide services to about 125 Savings and Credit Cooperatives (SACCOs) in geographic areas corresponding approximately to the following Regions of Uganda:

1. Eastern Region
2. Northern Region
3. Central Region (excluding Kampala)
4. Western Region
- 5.

Winning bidders will be limited to at most two lots.<sup>7</sup> However, the contracting authority reserves the right to modify this for calendar or budget reasons. Firms, organizations and individuals listed as sub-contractors or potential service providers may be included on up to, but not more than two bids.

#### A. Background

The Government of Uganda and the International Fund for Agricultural Development (IFAD) have jointly designed the Project for Financial Inclusion in Rural Areas (PROFIRA). This 7-year development project came into force on 31 October, 2014. Its implementation is supported by an IFAD loan of around USD 30 million and grant of USD 1 million. A Project Management Unit (PMU) under the Ministry of Finance, Planning and Economic Development (MFPED) is administering the project.

The overall *goal* of PROFIRA is to increase income, improve food security and reduce vulnerability in rural areas. Its *development objective* is to substantially increase access to and use of financial services by the rural poor population. PROFIRA aims to achieve its goal and objective through the implementation of three operational components:

- Component 1 – SACCO Strengthening and Sustainability
  - SACCO Strengthening
  - Developing a Sustainable SACCO Union
- Component 2 – Community Based Financial Services
  - Establishment of New Community Savings and Credit Groups

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<sup>7</sup> If one bidder is ranked first for three or more Lots, the evaluation committee will decide which second-place bidder(s) to select.

- CSCG Strengthening, Innovation and Partnerships.
- Component 3 – Policy, regulatory and institutional environment

Given the Government's policy initiative since 2007 to make SACCOs a primary access point for financial inclusion in rural areas, and the substantial resources put into building their capacity under the previous Rural Financial Services Programme (RFSP), there is concern to make sure that SACCOs succeed in continuing to serve their communities and increase their outreach. This requires that they be sustainable based on their own resources, that is, that they be capable of mobilizing adequate members and capital, managing their operations and loan portfolios effectively, providing high levels of accountability, and self-governing effectively. The experience of RFSP suggests that building capacities in these areas is the most cost-effective approach toward greater self-sustainability of SACCOs (established SACCOs were able to expand their capital and savings mobilization on the order of double the cost of capacity-building and expand their loan portfolio by 2-6 times the cost). Hence PROFIRA is designed to focus the limited resources available on SACCOs that are considered "potentially sustainable" and on key areas of training to enable them to stand on their own.

The Uganda Savings and Credit Cooperative Union (UCSCU) was the implementing agency for the delivery of training, equipment and other services under RFSP, and it is being supported under PROFIRA to strengthen it as an autonomous, sustainable apex body specifically representing and serving the SACCO sector. The majority of its staff are in the field, and it is participating in a nationwide survey of all SACCOs for baseline data on SACCOs for PROFIRA, as well as updating the database of the Ministry of Trade, Industry and Cooperatives (MTIC). Given its mandate and field presence, it should be informed of the training activities being undertaken under this contract, and invited to and invited to be present at training sessions, if appropriate.

It may also be noted that legislation is in process to regulate microfinance institutions in "Tier IV" of the financial system, including SACCOs. The legislation is expected to mandate the establishment of a Uganda Microfinance Regulatory Authority (UMRA), which would license Tier IV institutions to engage in financial services, though it would directly supervise only the top tier of SACCOs (those with more than US\$100 million in share capital or US\$300 million in savings portfolio), with a few of the very largest supervised by the Bank of Uganda. The remainder would continue to fall under the regulatory authority of the Cooperatives Development Department in the Ministry of Trade, Industry and Cooperatives (MTIC). Improving capabilities in SACCO governance, management, policies and operations is considered particularly important to help SACCOs prepare for a more rigorous regulatory regime and to promote financial inclusion through greater outreach and services to members. Improving capabilities in Credit and Default Management is considered particularly important to help SACCOs prepare for a more rigorous regulatory regime.

*Rationale for this assignment:* Since the principal income-generating asset of a SACCO is its loan portfolio, its prospects for sustainability depend heavily on the performance of that portfolio. Loan delinquency and default has been a pervasive problem for SACCOs, especially those that were established in an atmosphere of expectation of "free money." Loan defaults are a significant challenge to long-term sustainability of SACCOs, which is the principal outcome to be achieved through Component 1 of PROFIRA. Problems stem from weaknesses in the loan appraisal and approval process, as well as design, monitoring and enforcement of repayment schedules. Hence credit and default management is seen as perhaps the most critical area of training for SACCOs being supported under PROFIRA.

## **B. SACCO Strengthening Sub-Component**

The SACCO Strengthening sub-component 1.1 focuses on SACCOs that have demonstrated the potential to become financially strong and sustainable institutions. The objective is to enhance the capacity of the selected SACCOs to improve their services to members, increase membership, improve management and financial performance, and be able to meet regulatory requirements. Three packages of capacity building are being provided to a total of about 500 SACCOs through contracted service providers as follows:

- MIS software and training (and in some cases hardware) to about 150 SACCOs that have already achieved a high degree of sustainability;



- Training in six key areas (financial literacy, governance, financial management, business development, and strategic planning) to about 350 SACCOs that have demonstrated an adequate level of commitment and performance in terms of membership and coverage of operating costs to be considered “potentially sustainable;”
- Credit and Default Management training to all of the above.

### **C. Objective of Assignment and General Scope of Work**

The objective of this assignment is to enhance sustainability of SACCOs by improving credit and delinquency management in all SACCOs being supported by PROFIRA through specialized training in Credit and Default Management to SACCO managers and board members (especially Loan Committee). The contractor is to provide: (i) residential training (expected to be on the order of 3 days) in Credit and Default Management to up to four members (from the board and management) of about 125 SACCOs in a given geographic area (“Lot”); (ii) a follow-up visit to each participating SACCO to assess and assist in application of what was learned; and (iii) refresher training (expected to be one day). The expected result is improved portfolio performance through improvements in the policies and capabilities of SACCOs with respect to loan appraisal, approval and management of defaults.

### **D. SACCO Selection**

The SACCOs selected (mostly with 150-999 members) will be made by the PMU at three levels of sustainability, spread (not necessarily equally) across the four Lots of geographic areas for implementation of this assignment:

1. “Pre-regulation” (or “A/A+”): About 140-150 selected SACCOs (ranging from about 25 in Lots 1 and 2 to about 40 in Lots 3 and 4) will have strong indicators for sustainability and have capital exceeding US\$100 million or savings over US\$300 million, as well as good loan portfolio performance; these will also be receiving complementary support to upgrade their MIS systems in preparation for anticipated supervision by UMRA.
2. “Potentially sustainable”: About 350 SACCOs (ranging from about 80 in Lots 3 and 4 to about 90 in Lots 1 and 2), with operational self-sustainability (OSS) ranging from 60% to 100% and portfolio at risk over 30 days (PAR) below 0.30 (possibly as high as 0.40 in Lots 1 and 2).
3. “Turnaround”: About 20-30 SACCOs (8-12 each in Lots 1 and 2; 2-4 each in Lots 3 and 4) with OSS below 60% and PAR as high as 60%.

The design of the training is expected to be adapted to these three levels of capabilities.

### **E. Content and Coordination of the Training**

The training is expected to cover the full range of credit and default management issues, from loan approval to monitoring to loan loss provision. This includes measures to strengthen loan appraisal, secure loans, monitor early warning signals for loan portfolio deterioration (especially portfolio aging to estimate portfolio at risk), utilize peer pressure to improve collections, establish transparent criteria for rescheduling loans if warranted, establish a loan loss provision policy, and regularly monitor the adequacy of such provision. Particular attention should be paid to aspects of credit management particular to SACCOs, and to experience in the region with measures to improve loan recovery performance. The training manuals should differentiate between three main categories of SACCOs in terms of performance and capabilities (see above). For “Turnaround” SACCOs, and possibly for those from category (2) that have a particularly high portfolio at risk, a special module should be designed on how to address severe problems of delinquency and default, possibly involving an extra day or session for those SACCOs.

Since SACCOs are community-based and member-owned, the issues of enforcing loan repayment schedules on members and neighbors are different in SACCOs than in other financial institutions, and need to be addressed based on specialized knowledge of and experience in SACCO (or credit unions). Because credit management has implications for SACCO governance and financial management, the training manuals for this activity should be designed in coordination with the Lead Consultant providing a package of six other training modules in the same geographic area.

Furthermore, the scheduling of the Credit and Default Management must be coordinated with the Lead Consultant (with respect to other trainings being provided) and the Field Office of UCSCU.

## **F. Specific Duties under the Contract**

Three types of services are to be provided to each participating SACCO:

1. Credit and Default Management training can be clustered (residential), with each SACCO in the area sending up to 4 participants (2 management, 2 Board/Loan Committee).<sup>8</sup> The core training is expected to last about 3 days (perhaps more for those with very poorly-performing loan portfolios). It will be provided either in the first or the second year of a SACCO's participation in PROFIRA (permitting the consultant to phase them in).
2. This is to be followed by an on-site visit to assess and assist in application of the policies and practices learned in the training.
3. Refresher training is to be provided in the third year. It is expected that the refresher training would be about 1 day.

The contract is for three years, with the initial training given in phases over the first two years. These trainings will be conducted as residential trainings with a group of SACCOs clustered together at a central training location in the region. There will be evaluations of trainee satisfaction at the end of each training. These would be conducted anonymously for the trainee to provide their assessment and comments, and compiled by the service provider and dispatched back to the PMU.

Within a year after the initial training, the contractor is expected to make a follow-up visit to each participating SACCO to assess and assist in implementation of the training. For this purpose, the contractor will devise a checklist to rate how well the SACCO has implemented the recommended policies and practice, which will be used to indicate what areas need to be addressed (leaving a copy for each SACCO and compiling the findings to include in a final report).

Before the end of the third year of the contract, refresher training should be provided to all SACCOs. This could be conducted either centrally or on-site, and is expected to take no more than a day. For the refresher training, an entry questionnaire will be used to inform how well the main training messages were retained by the trainees; the results will be compiled and reported in the final report.

## **G. Activities**

1. Review PROFIRA background material and reports on SACCO training, and meet with PROFIRA PMU, UCSCU, and Lead Consultant (for other types of training to participating SACCOs in the same area) regarding training needs and scheduling.
2. Prepare Training Manuals to guide trainers, accompanied by Guidelines for SACCOs to use in implementing their training (with separate Guidelines for management and for Board/Loan Committee), and checklists for on-site assessment of implementation of key policies and practices.
3. Schedule trainings for clusters of selected SACCOs (separately for "A+" and for other SACCOs).
4. Undertake initial residential core training to all participating SACCOs in the Lot by the end of year 2 (according to a schedule proposed in the Inception Report).
5. Undertake on-site visits within a year of initial training to assess and assist in application of the policies and practices learned in the training.
6. Conduct refresher training for all participating SACCOs before the end of year 3.
7. Compile participant evaluations of all trainings.
8. Report quarterly to PMU on trainings held during the preceding quarter, and issues arising.

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<sup>8</sup> If a SACCO can only send 1 or 2 persons to the initial core training, it shall be given an opportunity to send the remaining number (2 or 3) to a subsequent training. However, payment shall be effected based on the first occasion that the SACCO participates in the training, with no additional payment if participation of some of the members is delayed.

## H. Outputs

1. Inception report on the proposed strategy for rolling out the training, including coordination with other service providers.
2. Training manuals, including: implementation Guidelines for SACCO managers and for Board/Loan Committee; checklists for on-site assessment of implementation of key policies and practices; and formats for participant evaluation of training.
3. Quarterly reports on the trainings provided and compilation of the training evaluations.
4. Annual report on implementation progress and challenges during the year.
5. Final report.

## I. Payment

The unit price per SACCO is taken to be the total contract amount divided by the estimated number of SACCOs to be serviced (as stated in the Request for Proposals, or at contract negotiation). It is proposed to negotiate a schedule for payments for various phases of implementation based on that amount, along the lines suggested below.

Initial payments for delivery of an Inception Report and a Training manual (including evaluation formats, guidelines and checklist for assessment) are suggested to total about 20% of the total contract amount. Payments for implementation of services to the SACCOs will then be based on 80% of the negotiated unit price, paid quarterly on the basis of the number of SACCOs reaching each stage as shown below. The total number of SACCOs covered may vary by a range of 15% more or less than the estimated number of SACCOs stated in the contract.

1. Inception **report**: 10% of total contract amount upon submission of a satisfactory Inception Report.
2. Training **manual and Guidelines**: 5% of total contract amount upon submission of a satisfactory Training Manual and accompanying Guidelines to SACCO manager and Board on applying the training, as well as a format for evaluation of each training by participants and a checklist for assessment of implementation at the SACCO level.
3. Implementation: Payment will be made based on quarterly statements of the number of SACCOs successfully serviced in the preceding quarter, along the following lines:
  - Initial training: 50% of the contractually agreed unit cost per SACCO sending participants (payable only the first time each SACCO participates).
  - On-site visit: 20% of the unit cost per SACCO.
  - Refresher training: 10% of the unit cost per SACCO.
4. **Final report**: 5% of total contract amount upon submission of a satisfactory Final Report.

## J. SACCO Contribution to Costs

1. No fees are to be charged to the SACCOs for participation.
2. Room and board for participants, as well as other residential training costs, are to be included in the contractor's cost proposal. No allowances are to be paid to the participants by the contractor.
3. Travel costs to central training location
  - Pre-regulation ("A/A+") SACCOs are expected to bear their own costs of travel to the training;
  - All other SACCOs will receive a reimbursement from the PMU for travel to the training location, based on a fixed rate established by the PMU and the number of participants registered for the training by the contractor, who is to provide to the PMU a list of participants (with their signatures) following the training.
4. For on-site visits, SACCOs are expected to provide the necessary space and facilities.

## K. Qualifications

- Since SACCOs are community-based and member-owned, training needs to be based on specialized knowledge of and experience in SACCO (or credit unions), especially with respect

to the challenges associated with enforcing loan contract with borrowers who are also members of the SACCO and the community. Hence the applicant is expected to demonstrate substantial knowledge of and experience working with SACCOs, including internationally.

- A Team Leader with at least 15 years of experience related to training and capacity-building of (micro-)financial institutions.
- A roster of trainers with demonstrated expertise and experience in Credit Management and Default (Risk) Management.
- Capability to develop training manuals and guidelines suited to different levels of capabilities, and to evaluate satisfaction with training.
- Capability to deliver training across all sub-regions of Uganda.

#### L. Evaluation Committee

The Evaluation Committee for evaluation of the EOI and RFP proposals should include professionals with adequate knowledge of the problems of credit and default management in SACCOs and the skills and experience needed to address them. Such persons could be drawn from:

- SACCO apex organizations such as UCSCU and UCA;
- Uganda Institute of Banking and Financial Services (UIBFS)
- Retired bankers
- Retired senior SACCO office holders

#### M. Evaluation Criteria

For evaluation of the EOI, the following is proposed:

Maximum points	Criterion
30	Recent experience in similar assignments (with respect to training Credit and Default Management)
30	Recent experience working with SACCOs or other financial institutions in East Africa
30	Human resource management capacity
10	Financial reliability
100	Total maximum

Minimum for consideration: 75 points

For QCBS evaluation of the proposals, the following is proposed:

1. A two-stage procedure will be utilized in evaluating the proposals, with evaluation of the technical component being completed prior to any financial component being considered and compared. Financial component will be considered only for those consultants who obtain a minimum of 80 % of the points allocated for the technical component. The total number of points, which a consultant may obtain for both components, is **[100]**.
2. The technical component, which has a total possible value of **[80]** points, will be evaluated using the following criteria:

Nr	Definition of the criteria	Points
1	Proven references and similar experience	20
2	Qualifications and competence of the key staff	30
3	Adequacy of the proposed work plan and methodology	25
4	Ability to achieve and manage nationwide coverage	10
5	Quality and consistency of the comments on the TORs* and suggestions to enhance the objectives and the expected results of the assignment	15
	TOTAL	100

The points given to evaluation sub-criteria for qualifications of staff (2) are:

Nr	Definition of the criteria	Points
2.1	General qualifications (background and post training)	20
2.2	Specific experience for the position in the assignment	50
2.3.	Experience in rural areas in Uganda	10
2.4	Language literacy in English and in local languages (to be demonstrated)	10
2.5	Computer literacy	10
	TOTAL	100

Total: 100 points

The minimum technical score (passmark to be qualified for the financial evaluation) is **80 points**

If the technical component achieves the requisite number of points, the financial proposal will be taken into account in the following manner:

The total amount of points allocated for the financial component is **(20 points)**. The maximum number of points will be allocated to the lowest price proposal that is opened and compared among those invited consultants who obtain the threshold points in the evaluation of the technical component. All other financial proposals will receive points in inverse proportion to the lowest price; e.g.  

$$[\text{total financial component}] \times [\text{MTS lowest}] / [\text{MTS other}] = \text{points for other financial proposal.}$$

*\*[Note: For criterion 5, we need to specify in more detail as to what is required for a high score and to pose specific questions for them to respond to]*

## Attachment 6 to Technical Annex 1

### Draft TOR for Tendering for Sub-Component 1.1 Lead Consultant for Training of SACCOs

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Republic of Uganda  
Ministry of Finance, Planning and Economic Development (MFPED)  
Project for Financial Inclusion in Rural Areas (PROFIRA)

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#### Terms of Reference for Service Providers for Training in Six Areas to Savings and Credit Cooperatives

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**RECRUITMENT:** National competitive bidding

**SELECTION METHOD:** Quality Based Selection (QBS)

**CONTRACT:** Performance-based contract for 4.5-years contract, starting Programme Year 1

**LOTS:** 4 contracts, each to provide services to about 90 Savings and Credit Cooperatives (SACCOs) each in Lots 1 and 2, and about 80 SACCOs each in Lots 3 and 4 [plus or minus 15%], in geographic areas corresponding approximately to the following Regions of Uganda:

1. Eastern Region
2. Northern Region
3. Central Region (excluding Kampala)
4. Western Region

Winning bidders will be limited to at most two lots.<sup>9</sup> However, the contracting authority reserves the right to modify this for calendar or budget reasons. Firms, organizations and individuals listed as sub-contractors or potential service providers may be included on up to, but not more than two bids.

#### A. Background

The Government of Uganda and the International Fund for Agricultural Development (IFAD) have jointly designed the Project for Financial Inclusion in Rural Areas (PROFIRA). This 7-year development project came into force on 31 October, 2014. Its implementation is supported by an IFAD loan of around USD 30 million and grant of USD 1 million. A Project Management Unit (PMU) under the Ministry of Finance, Planning and Economic Development (MFPED) is administering the project.

The overall *goal* of PROFIRA is to increase income, improve food security and reduce vulnerability in rural areas. Its *development objective* is to substantially increase access to and use of financial services by the rural poor population. PROFIRA aims to achieve its goal and objective through the implementation of three operational components:

- Component 1 – SACCO Strengthening and Sustainability
  - SACCO Strengthening
  - Developing a Sustainable SACCO Union
- Component 2 – Community Based Financial Services
  - Establishment of New Community Savings and Credit Groups
  - CSCG Strengthening, Innovation and Partnerships.

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<sup>9</sup> If one bidder is ranked first for three or more Lots, the evaluation committee will decide which second-place bidder(s) to select.

- **Component 3 – Policy, regulatory and institutional environment**

Given the Government's policy initiative since 2007 to make SACCOs a primary access point for financial inclusion in rural areas, and the substantial resources put into building their capacity under the previous Rural Financial Services Programme (RFSP), there is concern to make sure that SACCOs succeed in continuing to serve their communities and increasing their outreach. This requires that they be sustainable based on their own resources, that is, that they be capable of mobilizing adequate members and capital, managing their operations and loan portfolios effectively, providing high levels of accountability, and self-governing effectively. The experience of RFSP suggests that building capacities in these areas is the most cost-effective approach toward greater self-sustainability of SACCOs (established SACCOs were able to expand their capital and savings mobilization on the order of double the cost of capacity-building and expand their loan portfolio by 2-6 times the cost). Hence PROFIRA is designed to focus the limited resources available on SACCOs that are considered "potentially sustainable" and on key areas of training to enable them to stand on their own.

The Uganda Savings and Credit Cooperative Union (UCSCU) was the implementing agency for the delivery of training, equipment and other services under RFSP, and it is being supported under PROFIRA to strengthen it as an autonomous, sustainable apex body specifically representing and serving the SACCO sector. The majority of its staff are in the field, and it is participating in a nationwide survey of all SACCOs for baseline data on SACCOs for PROFIRA, as well as updating the database of the Ministry of Trade, Industry and Cooperatives (MTIC). Given its mandate and field presence, it should be informed of the training activities being undertaken under this contract, and invited to be present at training sessions, if appropriate.

It may also be noted that legislation is in process to regulate microfinance institutions in "Tier IV" of the financial system, including SACCOs. The legislation is expected to mandate the establishment of a Uganda Microfinance Regulatory Authority (UMRA), which would license Tier IV institutions to engage in financial services, though it would directly supervise only the top tier of SACCOs (those with more than US\$ 100 million in share capital or US\$ 300 million in savings portfolio), with a few of the very largest supervised by the Bank of Uganda. The remainder would continue to fall under the regulatory authority of the Cooperatives Development Department in the Ministry of Trade, Industry and Cooperatives (MTIC). Improving capabilities in SACCO governance, management, policies and operations is considered particularly important to help SACCOs prepare for a more rigorous regulatory regime and to promote financial inclusion through greater outreach and services to members. This assignment, under PROFIRA sub-component 1.1 SACCO Strengthening, is intended to strengthen some 350 SACCOs in six key areas.

## **B. SACCO Strengthening Sub-Component**

The SACCO Strengthening sub-component 1.1 focuses on SACCOs that have demonstrated the potential to become financially strong and sustainable institutions. The objective is to enhance the capacity of the selected SACCOs to improve their services to members, increase membership, improve management and financial performance, and be able to meet regulatory requirements. Three packages of capacity building are being provided to a total of about 500 SACCOs through contracted service providers as follows:

- MIS software and training (and in some cases hardware) to about 150 SACCOs that have already achieved a high degree of sustainability;
- Training in six key areas (financial literacy, governance, financial management, business development, and strategic planning) to about 350 SACCOs that have demonstrated an adequate level of commitment and performance in terms of membership and coverage of operating costs to be considered "potentially sustainable;"
- Credit and Default Management training to all of the above.

## **B. Objective of Assignment and General Scope of Work**

The objective of this assignment is to enhance sustainability of SACCOs by building their capacities to self-govern, mobilize members and capital, manage their operations and finances, serve their

members with appropriate training and products, and plan strategically. This will be accomplished through training in six key areas: financial literacy, governance, business development, financial management, savings and other product development, and strategic planning. The contractor is to provide: (i) on-site training in the first three subjects; (ii) residential training (expected to be on the order of 3 days) in the latter three subjects for up to four members (from the board and management) of participating SACCOs in each given geographic area ("Lot"); (iii) a follow-up visit to each participating SACCO to assess and assist in application of what was learned; and (iv) refresher training (expected to be one day per subject). The expected result is increased membership, savings mobilization and sustainability through improvements in the policies and capabilities of SACCO Board, management, staff and members.

#### D. SACCO SELECTION AND CLASSIFICATION

The bulk of the SACCOs selected by the PMU for this assignment will generally have membership in the range of 150-999 (some in Lots 1 and 2 may be as small as 100) and will be "potentially sustainable": i.e., operational self-sustainability (OSS) ranging from 60% to 100% and portfolio at risk over 30 days (PAR) below 0.30 (as high as 0.40 in Lots 1 and 2), based on 2013 data. Within that range, some will be relatively strong, others only at an intermediate stage toward attaining sustainability. A few will be in "turnaround" status, i.e., OSS < 60 and PAR as high as 0.60, receiving additional support to solve an identifiable problem (governance, management, membership).

The level and content of training will need to take into account these different levels of competency, at least in certain topics, especially for on-site training.

#### E. ACTIVITIES

1. Review PROFIRA background materials and reports on SACCO training, and meet with PROFIRA PMU, UCSCU, and Lead Consultant (for other types of training to participating SACCOs in the same area) regarding training needs and scheduling.
2. Assessment of SACCOs selected for the Lot: review data on the SACCOs selected by the PMU (based on 2013 data collected in survey during 2014); make an initial visit to conduct a rapid assessment of capabilities, design a training program tailored to needs, and agree on a three-year plan of implementation. UCSCU should be informed of the schedule for these assessments and invited to participate (or subcontracted to assist, at the discretion of the Lead Consultant).
3. Plan the overall implementation over a four-year period, beginning with at least half the SACCOs in the Lot during the first year of implementation; up to half can be phased in during the second year. This will also require meet with UCSCU and with consultant for Credit and Default Management, to coordinate roll-out of training to the selected SACCOs.
4. Provide an Inception Report setting out the proposed implementation strategy.
5. Prepare (i) Training Manuals for the six subject areas to guide trainers, accompanied by (ii) Guidelines for SACCOs to use in implementing their training (with separate Guidelines for management and for Board/Loan Committee where appropriate), and (iii) checklists for on-site assessment of implementation of key policies and practices; and well as (iv) participant evaluation forms to be used at the end of each training.
6. Plan and deliver training to the selected SACCOs in the specified districts for each Lot in the following subjects (see Annex 1 for a more detailed description of content):

*Delivered on-site, for members as well as board, management and staff:*

- (1) Financial Literacy and Deposit Mobilization
- (2) SACCO Governance
- (3) Business Development Skills

*Residential training (for 2 management and 2 board from each SACCO):*

- (4) Savings and Other Product Development
- (5) Financial Management
- (6) Strategic Planning



The first three shall be given to each SACCO during its first year of participation; the second three can begin in the second year.

Governance shall have two refresher trainings, in the second and third years of participation, while all other courses shall have one refresher training in the third year of participation.

7. Make an on-site visit during the third year of participation in order to assess and assist with implementation of the policies and practices from the various trainings, in accordance with the Guidelines provided to each SACCO with respect to each subject. A checklist will be used to assess the status of implementation and identify gaps, and a copy left with the SACCO. The checklist findings will also be compiled by the contractor to help assess progress as part of the final report. (This visit could be combined with the final on-site refresher training.)

## **F. REPORTING:**

- Inception report stating implementation strategy and how it will be coordinated with other service providers to the selected SACCOs.
- Quarterly reports on activities and delivery of training (number of SACCOs and participants trained in each subject):
  - During the first year (at least), these should also summarize the types of problems and issues found during the initial assessments, and implications for the design and implementation of the training program.
  - At least half-yearly, these are to include a report of the level of satisfaction of participants in training by subject, compiled from the training evaluations (including a simple indicator of satisfaction with the course and the instructor).
- Reports on each training conducted (as part of the quarterly reports, or as negotiated) as a basis for payments; including signed lists of participants from each SACCO.
- Annual reports at the end of the first three years, summarizing progress and issues in implementation and compiling evaluations of training satisfaction.
- At the end of third year that a SACCO is actively participating, an assessment of the extent to which each SACCO's has implemented the training, its gaps and further training needs.
- Final report.

## **G. COORDINATION**

Additional service providers are being contracted to provide Credit and Default Management training to all SACCOs selected for PROFIRA (including those covered under this assignment), and MIS installation and training for a select group of about 140 SACCOs that meet the criteria for UMRA (but are not covered under this assignment). The Lead Consultant is expected to work with the participating SACCOs to prepare a comprehensive training schedule and to take the lead in coordinating the delivery of the different training programmes, in consultation with UCSCU.

UCSCU is to be informed of the training schedule, and invited to be present for training sessions if it wishes.

## **H. PAYMENT**

The unit price per SACCO is taken to be the total contract amount divided by the estimated number of SACCOs to be serviced (as stated in the Request for Proposals, or at contract negotiation). It is proposed to negotiate a schedule for payments for various phases of implementation based on that amount, along the lines suggested below. In the suggested schedule below, it is assumed that on-site training would be on the order of twice as costly to deliver as residential training (which nevertheless also includes room and board costs). The details would have to be finalized at contract negotiation.

Initial payments for delivery of an Inception Report and a Training manual (including evaluation formats, guidelines and checklist for assessment) are suggested to total about 10% of the total contract amount. Payments for implementation of services to the SACCOs will then be based on 90%

of the negotiated unit price, paid quarterly on the basis of the number of SACCOs reaching each stage as shown below. The total number of SACCOs covered may vary by a range of 15% more or less than the estimated number of SACCOs stated in the contract.

2. **Inception report:** 5% of total contract amount upon submission of a satisfactory Inception Report.
2. **Training manual and Guidelines:** 3% of total contract amount upon submission of a satisfactory Training Manual and accompanying Guidelines to SACCO manager and Board on applying the training, as well as a format for evaluation of each training by participants and a checklist for assessment of implementation at the SACCO level.
3. **Implementation:** Payment will be made based on quarterly [or monthly] statements of the number of SACCOs successfully serviced in the preceding period, along the following lines:
  - 15% of unit price [45% cumulatively] per SACCO for each SACCO trained in the initial on-site trainings, consisting of:
    - (1) Financial Literacy and Deposit Mobilization;
    - (2) SACCO Governance;
    - (3) Business Development Skills.
  - 8% of unit price [24% cumulatively] per SACCO for each SACCO trained in the centralized trainings, consisting of:
    - (4) Savings and Other Product Development;
    - (5) Financial Management;
    - (6) Strategic Planning.
  - On-site visit, refresher trainings of subjects (1-3), and final assessment (third year of participation) completed: 15% of the unit cost per SACCO.
  - Refresher trainings of subjects (4-6) completed: 6% of the unit cost per SACCO.
4. **Final report:** 2% of total contract amount upon submission of a satisfactory Final Report.

## **I. SACCO CONTRIBUTION TO COSTS**

1. No fees are to be charged to the SACCOs for participation.
2. Room and board for participants, as well as other residential training costs, are to be included in the contractor's cost proposal. No allowances are to be paid to the participants by the contractor.
3. Travel costs to central training location: SACCOs selected for training under this contract will receive a reimbursement from the PMU for travel to the training location, based on a fixed rate established by the PMU and the number of participants registered for the training by the contractor, who is to provide to the PMU a list of participants (with their signatures) following the training.
4. For on-site training, SACCOs are expected to provide a venue and refreshments.

## **J. QUALIFICATIONS**

- Since SACCOs are community-based and member-owned, training needs to be based on specialized knowledge of and experience in SACCO (or credit unions), especially for training in Financial Literacy and Governance. Hence the applicant is expected to demonstrate substantial knowledge of and experience working with SACCOs.
- A Team Leader with at least 15 years of experience related to training and capacity-building of (micro-)financial institutions.
- A roster of trainers with demonstrated expertise and experience in each of the subjects.
- Capability to develop training manuals and guidelines and to evaluate satisfaction with training.
- Capability to deliver training within the sub-regions of the Lot, preferably including a physical presence in the area.

## K. EVALUATION COMMITTEE

The Evaluation Committee for evaluation of the EOI and RFP proposals should include professionals with adequate knowledge of the capacity problems of SACCOs, the skills and experience needed to address them, and training methodologies. Such persons could be drawn from:

- MTIC Dept. of Cooperative Development senior staff
- UCCK (unless it is a bidder)
- SACCO apex organizations such as UCSCU, UCA and AMFIU, unless they are bidders
- Uganda Institute of Banking and Financial Services (UIBFS)
- Makerere (or other) Business School
- Retired senior SACCO office holders

## L. EVALUATION

For evaluation of the EOI, the following is proposed:

<b>Maximum points</b>	<b>Criterion</b>
30	Recent experience in similar assignments
30	Recent experience working with SACCOs or other financial institutions in East Africa
30	Human resource management capacity
10	Financial reliability
100	Total maximum

Minimum for consideration: 75 points

For QBS evaluation of the proposals, the following is proposed:

<b>Nr</b>	<b>Definition of the criteria</b>	<b>Points</b>
1	Proven references and similar experience	20
2	Qualifications and competence of the key staff	30
3	Adequacy of the proposed work plan and methodology	25
4	Ability to achieve and manage coverage in the particular geographic area	10
5	Quality and consistency of the comments on the TORs* and suggestions to enhance the objectives and the expected results of the assignment	15
	<b>TOTAL</b>	<b>100</b>

The points given to evaluation sub-criteria for qualifications of staff (2) are:

<b>Nr</b>	<b>Definition of the criteria</b>	<b>Points</b>
2.1	General qualifications (background and post training)	20
2.2	Specific experience for the position in the assignment	50
2.3.	Experience in rural areas in Uganda	10
2.4	Language literacy in English and in local languages (to be demonstrated)	10
2.5	Computer literacy	10
	<b>TOTAL</b>	<b>100</b>

Applicants are to be ranked by technical score, and the highest ranked invited to present and negotiate its financial proposal.

## **Annex 1: Content and Orientation of Training Packages**

### **A. Delivered On-Site:**

(normally expected to take about 2-4 days, depending on level)

1. *Financial Literacy and Deposit Mobilization.* The more elementary financial literacy trainings will be based on the messages of the financial literacy strategy, one of the pillars of the National Financial Inclusion Strategy prepared by the Bank of Uganda. This emphasizes the importance of savings in SACCOs. This 'savings first' approach needs to be strongly re-emphasized in SACCOs since many of the more recently formed SACCOs, and a high portion of the other SACCOs, operate with expectations of members primarily directed towards receiving loans. The guidelines for the service providers contracted to carry out this training will emphasize the adequate incentives for mobilization of deposits and the fact that financial savings are needed and bring benefit for each farmer – big or small. Agricultural producers need to bridge uneven income flows during and in between cropping seasons and financial savings are the most convenient way of doing this. Care will also be taken to focus entry level assessments for intermediate SACCOs on safety and soundness aspects of SACCOs. Only when the overall financial and technical stability of the PROFIRA partner SACCO is robust enough, should deposit promotion be conducted as a PROFIRA training. Putting member deposits, above all of poor rural people, at risk in SACCOs that are not strong enough, would put member savings at risk and does not contribute to systemic stability of the rural SACCO sector. *Participants:* Selected members, board (minimum 2), and at least 3 from SACCO management and staff.

2. *SACCO Governance.* Guidelines for service providers contracted to provide support on SACCO governance will focus on the operations of the SACCO supervisory committees, the proper selection of members, adequate position description and management of the committee, and the reporting of the supervisory committee to the board. The practical implementation of basic operational, technical and financial controls, both in an automated and a manual accounting environment will be introduced and/or strengthened; and the pivotal importance of good record keeping emphasized and practiced; early warning signals and follow up actions in case of frauds and misappropriations detected will also be covered. Training area for SACCO governance will include a select number of ordinary SACCO members with a view to maintaining a critical minimum mass of potentially qualified supervisory committee members over and beyond the three members that usually make up the supervisory committees in Uganda at present. A similar strategy would be employed in the training presented under a. and b. Terms for supervisory committee members expire after a maximum of four years. For SACCOs that are automated or undergoing a process of software installation supported by PROFIRA, the training will also include detection of fraud and possibilities for utilization of software functions for account reconciliation, internal audit through the software. *Participants:* Selected members (especially potential board or SupCo members), board (minimum 2), SupCo (minimum 1), and at least 2 from SACCO management.

3. *Business Development Skills.* Together with financial literacy and SACCO governance trainings, this is the second basic training with ordinary members as well as board and management as targeted trainees. Trainings will include both general business skills and a specific focus on farming and processing in locally important agricultural value chains. This on-site training is particularly relevant for poorer members of the community in order to diversify household income sources and to deepen the technical skills related to activities that are already carried out by SACCO members. The training curriculum for this elementary subject is standard. Care should be given to adjust it appropriately to local conditions in terms of local crops and value chains relevant for small farmers. *Participants:* Selected members, board (minimum 2), and at least 2 from SACCO management and staff.

### **B. Delivered at Central Location**

(normally expected to take about 3 days)

4. *Savings and other Product Development/refinement.* Rural SACCOs do not offer a wide range of client-adjusted services on both sides of the balance sheet. Deposit products often consist of only a sight account, in many cases with only nominal interest paid, and term deposits, usually between 3 and 12 months. The entry point for poor SACCO members in the SACCO is the simple sight deposit with withdrawable savings that is used also as a guarantee for borrowing. These deposits need to be made more attractive in order to attract large volumes of new savings in the community. The interest

lever is the principal tool, but deposits can also be linked to targets such as school fees or with lotteries and community type competition and games to make them more attractive, above all for term deposits. In this training area, as well as in a. Financial Literacy and Depository Mobilization, the entry level assessments for intermediate SACCOs need to take account of the overall financial and technical stability of the PROFIRA partner SACCOs foreseen. Intensive trainings focusing specifically on savings product refinement should proceed only when the overall status of the SACCO would justify mobilization of additional member deposits without undue risks to these deposits on the part of members. Trainings would operate with a matrix format for product development breaking down the components of a deposit or loan contract into its single constituent elements and clarifying to the trainees the levers available in adjusting each of these contract elements. The role of product development in the management of a small financial institution is then clarified with the help of matrices and graphs. Then the process of developing and rolling out a new product are introduced and practiced. Small sub groups then develop their own deposit and lending products based on specific instructions given by the trainers and applications are pilot tested. *Participants:* 2 from board, 2 management.

5. *Financial Management.* Proper back office functionality is essential for stable SACCOs. This part of the SACCO training will focus on the main accounting, control and financial management aspects in a SACCO. This starts with proper maintenance and management of records and accounts. Proper records and procedures – manual or automated – are pre-requisites for good accounting, record management and different types of internal controls. All cash management and other back office related functions of SACCOs were generally found to be under-performing. SACCO staff commands the basic skills but require updates and repeaters to remain on top of the financial management requirement of growing SACCOs. Financial management trainings were in high demand under RFSP and successfully delivered by Ugandan service providers. Depending on the overall assessed strength of the SACCO, these trainings have a different length and intensity. Typically they would include the topics of correct data inputting and analysis in manual and automated accounting environments, data categorization (chart of accounts) and storage, and preparation of back office and in particular financial management reports, work flow and data consistency throughout the SACCO, early warning and projecting capacities of good financial management reports. *Participants:* 2 from board, 2 management.

6. *Strategic Planning.* This training will build on the essential basics of business planning already provided by RFSP and UCSCU to SACCOs, including non-RFSP SACCOs. The module comprises the drafting (or updating, where these business plans exist) of the narrative and quantitative sections of a simple SACCO business plan. Key operational and financial targets are then taken as the base for annual planning and budgeting in the SACCO. The assessment of business plan targets against actual achievements is a good basis for PROFIRA M&E to assess whether the concerned SACCO is on track overall in achieving its growth and development objectives. Strategic planning trainings will focus both on qualitative aspects (SWOT analysis and comparative strengths of SACCOs vis-a-vis competitors, etc. (UCSCU Business Plan format) but also emphasize the important role of quantitative planning – at least balance sheet and income statement projects, for larger and more advanced SACCOs also projections of fund flows. During the final training sessions, the adoption of the strategic plan benchmarks in short terms tactical plans for the SACCO and their annual adjustments will be shown and practiced as well. *Participants:* 2 from board, 2 management.

## Attachment 7 to Technical Annex 1

### UCSCU Revised Profitability and Cash Flow Projections for the Strategic Plan Period 2014/15 - 2018/19 (UGX millions)

	FY 2013/14 Actuals	FY 2014/15 *	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
<b>BUDGETED REVENUE:</b>						
Members Subscriptions & Stat' Contributions	240,168,840	391,000,000	498,000,000	601,000,000	636,000,000	916,000,000
Business Income	76,222,849	350,000,000	507,500,113	858,470,737	1,184,689,617	1,634,871,671
Other incomes	38,577,857	50,000,000	60,000,000	72,000,000	86,400,000	103,680,000
Grant Income	1,310,456,559	0	0	0	0	0
<b>TOTAL REVENUE</b>	<b>1,665,417,265</b>	<b>791,000,078</b>	<b>1,065,500,113</b>	<b>1,531,470,737</b>	<b>1,907,089,617</b>	<b>2,654,551,671</b>
<b>BUDGETED EXPENDITURE:</b>						
Cost of Core Business Services	55,888,690	238,377,022	262,214,724	288,436,197	317,279,816	349,007,798
Business Development & Networking	114,729,920	291,413,997	320,555,396	352,610,936	387,872,030	426,659,233
Financial Service charges	5,459,050	5,732,003	63,625,228	66,806,489	70,146,814	77,161,495
Personnel Costs	1,375,098,293	803,200,000	803,200,000	986,200,000	986,200,000	1,169,200,000
Governance and Supervision Costs	67,633,300	135,266,600	148,793,260	163,672,586	180,039,845	198,043,829
Head Office Administration Costs	316,881,914	207,600,000	166,080,000	132,864,000	119,577,600	107,619,840
Regional Offices Administration Costs	119,441,858	134,969,300	148,466,229	163,312,852	179,644,138	197,608,551
Depreciation Charges	62,207,581	0	0	0	0	0
Tax expenses	35,589,798	0	0	0	0	0
<b>Total Recurrent Expenditure</b>	<b>2,152,930,404</b>	<b>1,816,558,921</b>	<b>1,912,934,838</b>	<b>2,153,903,060</b>	<b>2,240,760,242</b>	<b>2,525,300,746</b>
<b>PROJECTED SURPLUS /</b>	<b>(487,513,139)</b>	<b>(1,025,558,843)</b>	<b>(847,434,725)</b>	<b>(622,432,324)</b>	<b>(333,670,625)</b>	<b>129,250,925</b>

<b>DEFICIT</b>						
Capital Expenditures	0	150,000,000	150,000,000	150,000,000	150,000,000	100,000,000
Settlement of Liabilities	0	0	0	0	0	0
<b>TOTAL BUDGET SURPLUS / DEFICIT to be financed</b>	<b>(487,513,139)</b>	<b>(1,175,558,843)</b>	<b>(997,434,725)</b>	<b>(772,432,324)</b>	<b>(483,670,625)</b>	<b>29,250,925</b>

\*Includes arrears of UGX 362,908,284 million by 31<sup>st</sup> December 2014

## **Attachment 8 to Technical Annex 1**

### **Uganda Ministry of Finance, Planning and Economic Development Financial Services Department**

#### **STUDY TOUR TO GHANA FOR PARLIAMENTARIANS AND KEY PERSONNEL**

##### **Proposed Itinerary**

Local visits and meetings to be coordinated by Ghana Microfinance Institutions Network (GHAMFIN)

##### **Day 1: Briefings**

*Morning: 9:30-11:30:* At GHAMFIN [note: could invite some Ghana MPs]

Briefing on Ghana's rural and microfinance industry:

- Types of rural and micro finance institutions (RMFIs)
  - Emergence of Microfinance Companies and other unlicensed players
- Apex structures
- Performance in terms of outreach and sustainability
- Support structures (past and current projects)
- Rationale for regulating the sector

*Lunch 12:00-1:30* including local MPs attending morning session

*Afternoon:*

2:00-3:30: Credit Unions Association (CUA): Briefing on operations of CUA as apex organization and auditor

3:30-5:00: Field visits (downtown Accra): Split into 2-3 groups, each to visit:

- Credit union (community-based)
- Microfinance Company [accompanied if possible by someone from GAMC]
- Money Lender [accompanied if possible by someone from MLAG]

##### **Day 2:**

*Morning 9:30-12:00:* At Bank of Ghana (BOG): Financial Services Inspection Dept.:

[note: also invite Dept. of Cooperatives]

Briefing on regulatory structure: BOG

- History of laws and regulations permitting different types of RMFIs
- BOG Microfinance Guidelines; different Tiers of MF and their differential treatment en
- Treatment of self-help groups/Village Savings & Loan Associations
- Experience with licensing
- Challenges of supervision
- How Credit Unions [SACCOs] are handled; relationship of Dept of Cooperatives and Ghana Cooperative Credit Unions Association (CUA).

*Lunch 12:30-2:00* at GHAMFIN [nearby hotel]

*Afternoon: 2:00-4:30* Session at GHAMFIN for briefings on operations, activities, and experiences in trying to cope with implementation of regulations and reporting requirements by:

- Ghana Association of Microfinance Companies (GAMC):
- Money Lenders Association of Ghana (MLAG)
- Association of Financial NGOs (ASSFIN)



### **Day 3: Travel to Field (Cape Coast)**

*Morning: leave 8:00 am*

9:30am – 11:00am: Bawjiase Rural Bank  
11:30-1:00 Travel to Cape Coast [*box lunch on the bus*]  
1:30-2:30pm: ARB Apex Bank Regional Office, Cape Coast  
3:30-5:00 pm Visit to Elmina Castle and town  
5:00 pm: Check in at Coconut Grove Beach Hotel, Elmina

### **Day 4: Field Visits**

*Morning:*

8:00-10:00 Drive to Mankessim  
10:30-1:00 Microfin Plus Rural Bank branch and Village Savings and Loan Groups [accompanied by VSLA service provider] [if possible logistically, split into two groups to visit two different groups nearby]  
1:30-4:00pm Return to Accra *Box lunch in bus en route toward Accra*

### **Day 5: Sector Support and Wrap-up**

*Morning 9:30-12:00:* Ministry of Finance: Financial Sector Dept. and Rural and Agricultural Finance Programme (RAFiP); also including IFAD and Danida

- Support programmes for the sector
  - Performance-based support for apex associations (by RAFiP and BoG)
- Issues of project support sequencing and transitions
- Financial Inclusion

*12:00-1:30 Lunch (box lunches at MOF conference room)*

*Afternoon 2:00-4:00:* Wrap-up at MoF (with representatives of apexes, BoG, projects):

- Key issues and questions
- Way forward in meeting challenges of regulating MFIs

*Late afternoon/evening: Accra Mall (dinner at Tante Marie)*

### **Suggested Composition of Team**

- 1-2 Financial Services Dept., Ministry of Finance, Planning and Economic Development (MFPED)
- 1 Department for Cooperatives Development, Ministry of Trade, Industry and Cooperatives (MTIC)
- 1 Bank of Uganda (BoU) Supervision Dept.
- 1 Uganda Cooperative Savings and Credit Union (UCSCU)
- 1 PROFIRA Project Management Unit (PMU)
- 6-9 Parliamentarians

### **Terms of Reference for GHAMFIN**

To be governed by a MOU signed with the Programme Administration Unit of the Uganda Rural Finance Services Project (RFSP)

1. Engage a local facilitator to help manage the visit, especially the field trips
2. Provide information on costs of different categories of recommended hotels
3. Contact the agencies concerned and book and confirm meeting times and venues
4. Contact the relevant Parliamentary Committees and invite a number of members to attend the briefing session and lunch the first day, with the Ugandan MPs
5. Prepare a briefing book, including brief profiles of the organizations and RMFIs being visited
6. Make a preparatory visit to each of the organizations being visited and brief them on the key issues and messages of concern to the Study Tour participants (based on information to be provided by the Uganda MFPED).
7. Organize transport, including bus on Days 3-4 to accommodate visiting team of about 14-15 participants, plus local facilitators

8. Organize lunches, including a catered buffet lunch on Day 1, box lunches for the field trips, and take-out boxes at RAFiP on Day 5; and closing dinner on Day 5.
9. Estimate all costs and charges involved.

Note: Main categories of MFIs of relevant interest for Uganda regulation are Credit Unions, Money Lenders, and Microfinance Companies. Rural Banks, FNGOs and VSLAs are also of interest. Susu collectors and S&Ls (similar to Microfinance Deposit-taking Institutions) less so, so need not be visited.

## Technical Annex 2: Community-based Financial Institutions

### 1. Introduction

1. The Government of Uganda and the International Fund for Agricultural Development (IFAD) have jointly designed the Project for Financial Inclusion in Rural Areas (PROFIRA). This 7-year development project is expected to become effective before the end of 2014. Its implementation is supported by an IFAD loan of around USD 30 million. The overall *goal* of PROFIRA is to increase income, improve food security and reduce vulnerability in rural areas. Its *development objective* is to substantially increase access to and use of financial services by the rural poor population. PROFIRA aims to achieve its goal and objective through the implementation of three operational components: (a) SACCO Strengthening and Sustainability, (b) Community Based Financial Services and (c) Policy and Institutional Support.

2. Component 2 of PROFIRA, Community Based Financial Services, aims at a major impact in financial inclusion in rural Uganda. With Sub-component 2.1, PROFIRA will contract service providers (SPs) to form approximately 15,000 new community savings and credit groups (CSCGs) with approximately 375,000 members, over the seven-year project period, broadly using the VSLA methodology. With Sub-component 2.2, the operations of approximately 3,000 mature CSCGs (75,000 members) will be further developed through focused training, innovations and linkages, to facilitate for more advanced financial inclusion and consequently larger-scale rural production activities. The total contributions from the IFAD loan to Component 2 activities is around USD 11 million.

3. As PROFIRA is still at a start-up phase, it was agreed that the focus of the October 2014 Support Mission is on activities that aim to ensure that the component operations are ready to commence immediately after the project effectiveness is reached. Furthermore, based on the approach agreed in the PROFIRA design to start the operations with Sub-component 2.1 activities, the Mission's work largely focused on preparations of launching the bidding process for service provider contracts to establish new CSCGs in the target areas. The contracting for the second sub-component for the further development of mature CSCGs is planned to start immediately after the first contracts for Sub-component 2.1 have been awarded, potentially around May-June 2015.

4. Below, the key findings, agreements and recommendations of the mission on Component 2 of PROFIRA are briefly described.

### 2. Recruitment of CBFSM

5. The recruitment of the Community Based Financial Services Manager (CBFSM) for PROFIRA is an urgent task, as she/he will be responsible for the management of the SP procurement process. While the advertisements for the Expression of Interest for SPs can be sent out and even evaluated without the CBFSM, she/he has to be available for the actual evaluation of the Technical and Financial Proposals from the short-listed institutions. Following the discussions during the Mission, the MFPED has now started this recruitment process, based on the TOR developed during the PROFIRA design process. **Agreed Action:** complete the CBFSM recruitment soonest, with the CBFSM to start in PROFIRA latest the first week of January 2015.

### 3. Selection of Sub-Regions for Component 2

6. Based on the agreements made, the selection of the four sub-regions for the Component 2 (covering both Sub-components 2.1 and 2.2) implementation is made based on how widespread and severe poverty is in each area. During the Mission, this rating was done based on the Uganda National Household Survey 2012/13 results. The indicators used were the following:

- Indicator PO of the Household Survey, which is the "headcount indicator", measuring the percentage of individuals estimated to be living in households with real private consumption per adult equivalent below the poverty line.

- Indicator P2 of the Household Survey, which measures the “squared poverty gap” and gives greater weight to those living far below the poverty line; by giving more weight to the poorest, P2 gives an indication of how severe the poverty is.

7. Based on these indicators, the nine sub-regions of Uganda were rated from 1 to 9, with 9 given to the poorest sub-region. The results of this rating is given in Table 1.

**Table 1: Poverty Ranking of Sub-Regions**

REGION	Share of Poor in Population (PO)		Poverty Severity Index (P2)		Total Ranking
	Value	Ranking	Value	Ranking	
1. North East	74.2 %	9	17.0 %	9	18
2. West-Nile	42.3 %	8	4.7 %	8	16
3. Mid-North	35.4 %	7	3.9 %	7	14
4. Eastern	24.7 %	6	2.0 %	6	12
5. East-Central	24.3 %	5	1.4 %	5	10
6. Mid-West	9.8 %	4	0.6 %	4	8
7. South-West	7.6 %	3	0.4 %	3	6
8. Central II	7.3 %	2	0.4 %	3	5
9. Central I	3.7 %	1	0.1 %	1	2

8. The results of the rating were straightforward. In case of both indicators, the following four sub-regions were rated in the same order the poorest four in Uganda: 1) North East, 2) Mid-North, 3) West Nile and 4) Eastern. **Following these results, it was agreed that:** Component 2 activities of PROFIRA will be implemented in North East, Mid North, West Nile and Eastern sub-regions of Uganda.

9. Within each of the selected four sub-regions, the contracted SP will select the districts and sub-counties, on which to CSCG development activity will focus. Under Sub-component 2.1, the focus will be on poorer sub-counties with fewer CSCGs. Furthermore, adequate concentration of target population will be used as an additional criterion to promote clustering of the CSCGs and effective implementation of the sub-component. **The manner each bidder conducts this district/sub-county selection process will be among the key areas to review when PROFIRA evaluates the detailed project proposals from the SPs.**

#### 4. Preparedness of SPs to Partner with PROFIRA

10. The Mission visited the key Kampala-based CSCG promoters to check their preparedness and continued interest to bid for the first batch of contracts to establish new CSCGs with PROFIRA support. This was necessary due to long delays in the PROFIRA start-up. All the visited institutions (Care Uganda, CRS, UWESO and Plan International) confirmed their continued focus on CSCGs/VSLAs and their interest to bid for PROFIRA contracts. They also informed the Mission that they will now start making practical preparations to be ready for the forthcoming bidding processes. The target of establishing around 2,000 CSCGs in each selected sub-region in three years was considered realistic, if the PROFIRA support will be available in a manner indicated in the Design Document.

11. During the meetings it became apparent that some of the leading SPs are likely to bid for all the contracts under Sub-components 2.1 and 2.2, while others are likely to focus on sub-regions, in which they have already functional field operations with CSCGs. An interesting issue concerns the potential partnerships between institutions registered in Uganda. The leading operators such as Care, CRS and Plan use smaller NGOs and other local agencies to conduct practically all their field work. Some of these implementing agencies in the focal PROFIRA sub-regions have matured during the years and become institutionally and financially stronger. These institutions now have to decide whether to bid independently or form partnerships with the internationally linked organisations. While both approaches have their benefits and risks, it should be remembered that according to PROFIRA rules, one institution can win only two contracts of the available four (see more below under Contracting),

which, together with the pricing issue, can benefit the smaller bidders who in recent years have developed their reputations as reliable and competent development partners.

12. To maintain the interest of the SPs in the planned programme in the coming months, **it was agreed that RFSP/PROFIRA staff will on a continuous basis inform potential CSCG service providers on how PROFIRA is progressing towards the first Request of the Expression of Interest.**

## 5. Preparations, Procedures and Formats for Bidding for Sub-component 2.1 Contracts

13. The key tasks under Component 2 in the coming months are related to the first bidding for SPs under Sub-component 2.1. Based on the models in the PROFIRA PIM, the TOR for the first four 3-year contracts to establish 2,000 new CSCGs in the selected four sub-regions were up-dated during the mission. **A copy of the updated TOR is shown in Attachment 2 of this Annex.** These TOR are included in the detailed Request for Proposals (RFP) for this bidding, in the section "Statement of Requirements".

14. As a first formal step in the bidding for the Sub-component 2.1 contracts, the advertisements for the Expression of Interest (EoI) from SPs to establish new CSCGs in the four sub-regions should be published as soon as possible after PROFIRA becomes effective. **A model for this advertisement is provided in Attachment 1 of this Annex, including the two attachment formats used with the EoIs.** Authorisation for the advertisement is required from the PROFIRA Contracts Committee. According to the MFPED, this Contracts Committee will be in place immediately at project effectiveness. In addition, an internal CSCG Evaluation Committee of PROFIRA needs to be established, to evaluate the project proposals. Because of the size of the CSCG contracts, the advertisements for the Expression of Interest must be published internationally. **Action needed:** the CSCG Evaluation Committee of PROFIRA will be established immediately at PROFIRA effectiveness, based on the guidelines of the PIM.

15. Following good procurement practices and the IFAD/GoU rules, it was agreed during the mission that Quality and Cost Based Selection (QCBS) method will be used for all contracts under Component 2. **A complete RFP for this bidding is attached to the Technical Annex of the mission on Procurement.**

16. When evaluating the bids for the first contracts under Sub-component 2.1, the Technical Proposal will carry a weight of 70% and the Financial Proposal 30%. When evaluating the Technical Proposals, the following criteria and related maximum points were agreed on:

Nr	Definition of the Criteria	Max. Points
1	Proven references and similar experience in the sub-region for which the bidder is prequalified	20
2	Qualifications and competence of the key staff	40
3	Adequacy of the proposed work plan and methodology	10
3	Quality and consistency of the comments on the TORs	10
4	Degree of pertinence of data, services and facilities requested by the bidder	10
5	Suggestions by the bidder to enhance the objectives and the expected results of the assignment	10
	<b>TOTAL</b>	<b>100</b>

17. For the points to be given under the important evaluation sub-criteria for the qualifications of staff (Criteria 2), the following guidance is given to evaluators in the RFP:

Nr	Definition of the Criteria	Max. Points
2.1	General qualifications (background and training)	20
2.2	Specific experience for the position in the assignment	50
2.3	Experience in remote areas in Uganda	10
2.4	Language literacy in English and in local languages (to be demonstrated)	10
2.5	Computer literacy (basic + specific software)	10
	TOTAL	100

18. The 70% weight to be given to the Technical Proposals Criteria aims to ensure that only technically high quality service providers will be awarded contracts under Component 2. At the same time the 30% weight to be given to the Financial Proposals aims to ensure that a technically good but very expensive offer will not win the PROFIRA contracts under this component. In the evaluation of the Financial Proposals, the maximum of 30 points will be given to the lowest financial proposal that receives points over the Pass Mark of 70 in the technical evaluation. All other technically acceptable (over 70 technical points) financial proposals will receive points in inverse proportion to this price. The formula for this simple but appropriate and useful method is explained in the RFP, Part 2, Section 3: Evaluation Methodology and Criteria.

19. As indicated above, following the agreements reached during the design of PROFIRA, the rule is that any service provider can place bids for all the four sub-regions (or for one, two or three, as judged most appropriate by each institution). Any one SP will, however, be awarded contracts only for a maximum of two sub-regions, in which their winning margin is the highest. Even if they win also in the other sub-regions, the contracts there will be awarded to the institutions that score second highest in that area after the technical and financial evaluation.

20. Concerning the timing of this first bidding process, it was agreed that the advertisements for the Expression of Interest from SPs to establish new CSCGs should be out latest mid-January 2015. After shortlisting, PROFIRA could expect to receive detailed project proposals with budgets from the shortlisted institutions by mid-March 2015. This would make it possible to evaluate the bids and select a winner for each sub-region by early April 2015 and sign the four contracts by early May 2015. This would allow the actual field operations to commence in late May or early June 2015. This would also make it possible to start the bidding process for Sub-component 2.2 activities in June 2015. **Agreed actions:** MFPED will: (i) issue the advertisements for EoI by mid-January 2015; (ii) issue the full RFPs to the shortlisted institutions by end of February 2015; and (iii) award the contracts by mid-May 2015.

## 6. Performance Based Payments and AWPB

21. When the contract are eventually awarded, PROFIRA and the winning SP will sign a contract that will include the schedule for performance-based payments. This type of payment criteria have to be clear, transparent and easy to verify first through periodical reports and later during field visits by the PROFIRA staff. The system has also to be easy to manage.

22. Various options for such payment criteria were discussed during the mission. It was noted that such indicators as level of savings and loans in new groups are not appropriate for this purpose particularly as the aim is reach out to poorer areas and then to poorer households in these areas, which by definition is likely to mean low savings (and consequently lending) capacities. Similarly, sustainability indicators, while important, do not qualify for periodical payment criteria in a 3-year project. Following these discussions, it was agreed that the payment criteria for the Sub-component 2.1 contracts will be "the number of new CSCGs that have been trained and have started to save during the reporting period". This criteria has been successfully used in similar operations elsewhere and is easy to measure, report and verify.

23. Further, to make it possible for the selected SPs to implement the sub-component activities smoothly, it is required that the first performance-based indicator is the submission of the Inception Report, expected within a month from the signing of the contract. A small payment would be also linked to the submission of the Final Report. An appropriate interval for performance-based payments

between these reports is six months. Following these principles, it was agreed that PROFIRA aims to negotiate with the winning SP the following type of performance schedule for each contract:

- Submission of Inception Report: 30% of contract value
- Payments against the selected performance indicator (see above): 12% of contract value in five payments after 6, 12, 18, 24 and 30 months
- Submission of Final Report: 10% of contract value.

24. While flexibility is likely to be required from both PROFIRA and the SPs when negotiating the actual payment schedules for different sub-regions, the above principles, together with the PROFIRA total budget allocations, were used to calculate the figures for both Sub-components 2.1 and 2.2 for the AWPB for the first 36 months period of the project. These results of this calculation are shown below.

<b>Payments under first four contracts: Sub-component 2.1</b>							
June 2015	January 2016	July 2016	January 2017	July 2017	January 2018	July 2018	Total
30%	12%	12%	12%	12%	12%	10%	
USD 1,125,000	USD 450,000	USD 450,000	USD 450,000	USD 450,000	USD 450,000	USD 375,000	USD 3,750,000
<b>Payments under first four contracts: Sub-component 2.2</b>							
June 2015	January 2016	July 2016	January 2017	July 2017	January 2018	July 2018	Total
30%	12%	12%	12%	12%	12%	10%	
USD 450,000	USD 180,000	USD 180,000	USD 180,000	USD 180,000	USD 180,000	USD 150,000	USD 1,500,000
<b>Grand Total</b>							<b>USD 5,250,000</b>

25. The above calculations are based on the premise that the first four contracts are awarded as planned in early May 2015 and the payments against the Inception Reports are made in late June 2015. Delays in the contracting process and of course the actual contract amounts agreed on will influence both the timing and the size of payments. Therefore, active and continuous budget planning and liquidity management will be required in a project of the PROFIRA type, which involves a large number of performance-based contracts with private sector suppliers.

## 7. Preparations for Sub-Component 2.2 Activities

26. As indicated above, the first bidding for Sub-component 2.2 contracts is planned for May-June 2015. All the visited service providers are currently working on advanced models to develop mature CSCGs and on their active linking to MFIs, MDIs and banks. As a positive development for PROFIRA, substantial progress has been achieved in the past 18 months in this area. The leading SPs have well developed models for CSCG training in business development and advanced financial literacy, and various methods are emerging on how to link the groups and their members to financial institutions. Below, some examples of these new approaches are briefly summarised.

27. Care Uganda operates a relative large development programme with mature VSLAs. Its business development training includes such modules as planning for business, small business management and increasing the scale of business. Each group also receives advanced financial literacy training with modules like planning for savings, know your banking options, utilisation of different types of loans and negotiation skills with financial institutions. Care also actively connects the trained groups to banks. So far, 750 VSLAs have been connected to banks, with four commercial banks participating in the scheme (Barclays Bank, Post Bank, Bank of Africa and Opportunity Bank). All these groups are registered with the local government and keep their liquid funds on interest earning accounts. Towards the end of the VSLA cycles, these savings are very substantial.

28. Through Care's activities, some 150 VSLAs have so far received credit from commercial banks. Loans are issued to groups without collateral, and groups allocate loans to their members. Care has

negotiated an interest rate of 11% p.a. for these funds. An innovative feature is that the groups receive the funds from the banks as overdrafts, which makes liquidity management of seasonal loans much easier. In Care's scheme, each qualified group gets an overdraft limit of around USD 8,000 from the banks. This makes it possible to issue much larger loans to members than with the standard VSLA model, and some individual members have borrowed as much as USD 2,000 from these facilities. Care reports that VSLA members are very happy with these arrangements. At the same time the banks' interest to work with groups has clearly increased, with new banks planning to join the operation. It is important that banks now see this activity more as a potentially profitable mainstream operation, not any more as development project to boost the banks' image. Care Uganda will undoubtedly bid for the PROFIRA 2.2 contracts, to widen the outreach of advanced VSLA operations of the above type.

29. Based largely on the same type of strategies, UWESO operates its VSLA Plus activity. The IGA training and advanced financial literacy are the key pillars of the approach, followed by active linkages. UWESO works mainly with Barclays Bank, with operational funds coming from Barclays Bank (U.K.). Catholic Relief Services (CRS) has a major programme with MasterCard, aiming at creating 6,000 new CSCGs and developing their sustainability through linkages with Barclays Bank and Centenary Bank and with mobile money solutions.

30. Through the above type of develop operations and with active linkages to various banks, CSCG members in supported groups are learning useful skills and receiving options for much larger loans than is possible with the basic CSCG model. The increased interest by the banks and leading MFIs as well as the already developed flexible overdraft-based CSCG financing models auger well for the planned PROFIRA development operations with mature groups. It should be also noted that because of the 7-year project period of PROFIRA, many new groups formed with the project support under Sub-component 2.1 will potentially qualify for the more advanced support services under Sub-component 2.2, when they have successfully completed their first cycle operations.

31. The Mission assisted RFSP/PROFIRA to update the TOR for the first bidding for Sub-component 2.2 contracts. **The updated TOR are presented in Attachment 3 of this Annex.** The planned May 2015 PROFIRA Technical Support Mission will assist the PMU to finalise the documents for the first bidding under Sub-component 2.2, with the target of putting out the advertisements for the Request for Expression of Interest hopefully in May-June 2015.

## 8. Monitoring and Reporting

32. Appropriate indicators to report and monitor on the Sub-component 2.1 activities were developed during the PROFIRA design. In addition to normal M&E needs, accurate and timely data is required for the performance-based payment process. The positive aspect is that all the main SPs dealing in Uganda with CSCGs have a great deal of experience on how to report to projects and donors. One of the early tasks of the M&E Unit of PROFIRA is to design and implement with all the winning SPs a simple system, based on which PROFIRA will quarterly and in electronic form receive from the SPs the data on key progress indicators (such as the number of CSCGs that have been trained and have started to save during reporting period). From these files the data can then automatically be entered into the PROFIRA's M&E system and aggregated to cover all the four sub-regions. The visited four leading SPs informed the mission that they are well prepared to take part in this kind of reporting arrangement.



## **Attachment 1 (A) to Technical Annex 2**

### **MODEL OF AN ADVERTISEMENT FOR AN EOI**

#### **REPUBLIC OF UGANDA**

#### **MINISTRY OF FINANCES AND ECONOMIC PLANNING (MFPED)**

#### **PROJECT FOR FINANCIAL INCLUSION IN RURAL AREAS (PROFIRA)**

#### **INTERNATIONAL AND NATIONAL REQUEST FOR EXPRESSION OF INTEREST**

For the recruitment of:

#### **SERVICES PROVIDERS FOR ESTABLISHMENT OF COMMUNITY SAVINGS AND CREDIT GROUPS (CSCGs)**

The Government of Uganda and the International Fund for Agricultural Development (IFAD) have jointly designed the Project for Financial Inclusion in Rural Areas (PROFIRA). This 7-year development project became effective on xx.xx 2014. Its implementation is supported by an IFAD loan of around USD 30 million. The overall *goal* of PROFIRA is to increase income, improve food security and reduce vulnerability in rural areas. Its *development objective* is to substantially increase access to and use of financial services by the rural poor population. PROFIRA aims to achieve its goal and objective through the implementation of three operational components: (a) SACCO Strengthening and Sustainability, (b) Community Based Financial Services and (c) Policy and Institutional Support.

The lessons learned globally and more particularly in Uganda show that systematically organized Community Savings and Credit Groups (CSCGs), often called in Uganda the Village Savings and Loan Associations (VSLAs) have been effective in providing financial services to financially excluded and un-banked segments of the population. To support financial inclusion in rural Uganda, PROFIRA will support the establishment of new CSCGs in rural communities. Based on its targeting approach, PROFIRA has selected four sub-regions for the implementation area of this support activity. These are North East, Mid-North, West Nile and Eastern sub-regions.

One service provider will be appointed by PROFIRA for each sub-region. In each of the four sub-regions, the target is that the selected Service Provider will establish approximately 2,000 new CSCGs during the 3-year contract period. The specific duties of the Service Provider under this assignment include the following type of activities:

- a) Identify and propose – with assistance by the PMU – the operational area (districts, sub-counties, parishes) for the activities under the contract, based on agreed PROFIRA targeting criteria
- b) Mobilise community members in the operational area to form CSCGs
- c) Train the institutions' members and office holders in basic financial literacy and in savings and credit management and administration
- d) Provide intensive guidance to each supported CSCG during the initial months of operation
- e) Provide extensive on-site advice to the supported CBFIs after the intensive guidance phase, responding mainly to the demand by CSCGs
- f) Build the institutions' members awareness and skills on democratic processes required in the CSCG operations

- g) Establish a structure to check and verify the accounts and financial processes of each supported CSCG and train the persons involved in carrying out this oversight function
- h) Co-operate with the PMU in carrying out technical studies on the lessons emerging from the support activities
- i) Liaise with other CSCG Promoters to share experiences
- j) Monitor the implementation progress of its own activities and of the supported CSCGs according to defined indicators and report accordingly to the PMU of PROFIRA.

On behalf of the Ministry of Finances and Economic Planning, PROFIRA now invites well-established international and national consulting private firms, Non-Governmental Organizations (NGOs), Community Based Organizations (CBOs), and multilateral or bilateral development organizations to indicate their interest in providing the services for PROFIRA under this assignment. Institutions can express their interest either independently or in partnerships. The Expressions of Interest should clearly define, in which sub-regions the institutions/partnerships are interested to provide their services, as a separate contract will be issued for each sub-region. Each interested institution or a member of partnership must provide a statement of capability and experience indicating that they are qualified to perform the services for this assignment (brochures, status of the firm/organization, description of similar assignments, experience in similar conditions, availability of appropriate skills among staff, financial reliability, human resources capacity, etc.). In addition a jointly signed declaration of the partners will have to express the reasons of their association and the crucial importance of the complementarity of their services in the proposed partnership.

Upon written request (by post, email, fax) to the below address, the recommended formats for application to EOI will be sent to each prospective interested applicant.

A short list of four to seven institutions/partnerships for each sub-region will be compiled in accordance with the IFAD Procurement Guidelines, the International Procurement Standards and the PPDA of Uganda and will be invited at a later stage to respond to a request for a technical and financial proposal subject to a selection based on quality and cost.

Written expressions of interest with indication of the sub-regions for which you mark your interest must be delivered to the address below by [DAY, MONTH, YEAR] at 17.00 PM GMT +2. Applications sent by fax/email must be confirmed by written correspondence sent by express courier within the 48 hours of their sending.

Coordinator of PROFIRA: location, telephone, emails.....

## Attachment 1 (B) to Technical Annex 2

### SELECTION AND RECRUITMENT OF SERVICES PROVIDERS TO ESTABLISH NEW CSCGs

#### RECOMMENDED FORMAT OF INFORMATION TO BE DELIVERED BY INTERESTED APPLICANTS

Nr	Information to be provided	Supporting documentation	Yes/No
<b>1</b>	<b>Legal status</b>		
1.1	Full name and abbreviation and nationality	Brochure/registration act under the Ugandan legislation	<b>Mandatory</b>
1.2	Address head quarters	Brochure	<b>Mandatory</b>
1.3	Full name of responsible(s)		
1.4	Legal status	Registration act (see 1.1) + articles of memorandum	<b>Mandatory</b>
1.5	Internal Organisation (organogram)	Brochure	
1.6	Networks inside/abroad; branches locations	Brochure	
1.7	Address in Uganda and name of representative (if any). Indicate location in the districts/sub-regions if any	Any document	
<b>2</b>	<b>Experience similar assignments and conditions</b>	Demonstrated experience in promoting community-based financial institutions in Uganda. See attached form to be fulfilled for the last past three years	<b>Mandatory</b>
<b>3</b>	<b>Financial Reliability</b>	Statements of audited accounts and balance for the last past three years + letter of recommendation from a reputable financial institution. Description of your financial capacity with simple indicators on your assets and liquidity	<b>Mandatory</b>
<b>4</b>	<b>Human resources management capacity</b>	Description of your capacity to recruit and manage high profile staff for similar assignments. Please add CVs of at least three experts (permanent staff)	<b>Mandatory</b>
<b>5</b>	<b>Additional Information</b>	Any information to convince the evaluators of your capacities to manage a programme of several years in Uganda in the selected sub-regions	

#### Notes:

1. A prospective bidder must be registered under the Ugandan Law.
2. The non-adherence to the above specification and especially the absence of mandatory documentation in support of your application may lead to the rejection of your candidacy.

## Attachment 1 (C) to Technical Annex 2

### REFERENCES OF THE CONSULTANT (FIRM/COMPANY/NGO/CBO/UN AGENCY)

#### Relevant Services Carried Out in the Last Three Years That Best Illustrate Qualifications

Using the format below, provide information on each assignment for which your firm/entity, either individually as a corporate entity or as one of the major companies within an association, was legally contracted (minimum of 3 and maximum of 10 references).

Assignment Name:		Country:
Location within Country:		Professional Staff Provided by Your Firm/Entity(profiles):
Name of Client:		N <sup>o</sup> of Staff:
Address:		N <sup>o</sup> of Staff-Months; Duration of Assignment:
Start Date (Month/Year):	Completion Date (Month/Year):	Approx. Value of Services (in Current US\$):
		Financing agency or international donor:
Name of Associated Consultants, If Any:		N <sup>o</sup> of Months of Professional Staff Provided by Associated Consultants:
Name of Senior Staff (Project Director/Coordinator, Team Leader, technical assistant, etc.) Involved and Functions Performed:		
Narrative Description of Project:		
Description of Actual Services Provided by Your Staff:		

+ Jointly signed declaration on the adequacy, capacity and the complementarity of the partners in the proposed partnership.

## **Attachment 2 to Technical Annex 2**

### **MODEL FOR TOR FOR TENDERING FOR SUB-COMPONENT 2.1 CONTRACTS**

#### **REPUBLIC OF UGANDA**

#### **MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (MFPED)**

#### **PROJECT FOR FINANCIAL INCLUSION IN RURAL AREAS (PROFIRA)**

#### **TERMS OF REFERENCE FOR SERVICE PROVIDERS FOR ESTABLISHMENT OF COMMUNITY SAVINGS AND CREDIT GROUPS**

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**RECRUITMENT:** International and national competitive bidding

**CONTRACT:** Performance-based 3-year comprehensive lumpsum contract, starting Programme Year 1.

#### **BACKGROUND: The Project**

The Government of Uganda and the International Fund for Agricultural Development (IFAD) have jointly designed the Project for Financial Inclusion in Rural Areas (PROFIRA). This 7-year development project became effective on xx.xx 2014. Its implementation is supported by an IFAD loan of around USD 30 million.

The overall *goal* of PROFIRA is to increase income, improve food security and reduce vulnerability in rural areas. Its *development objective* is to substantially increase access to and use of financial services by the rural poor population. PROFIRA aims to achieve its goal and objective through the implementation of two operational components:

Component 1 – SACCO Strengthening and Sustainability

SACCO Sustainability

Developing a Sustainable SACCO Union

Policy, Regulatory and Institutional Environment

Component 2 – Community Based Financial Services

Facilitate Establishment of New Community Savings and Credit Groups

CSCG Strengthening, Innovation and Partnerships.

#### **PROFIRA AND COMMUNITY-BASED FINANCIAL SERVICES**

The lessons learned globally and more particularly in Uganda show that systematically organized Community Savings and Credit Groups (CSCGs), often called in Uganda the Village Savings and Loan Associations (VSLAs) have been far more effective in providing financial services to financially excluded and un-banked segments of the population than the banks, MFIs or even SACCOs. The CSCG approach has been very effective in reaching the poor, the women and youth and enabling many of them to smooth their consumption pattern, deal with social sector expenditures, enhance agriculture productivity and increase the range of income generating activities. The manner and amounts in which the savings and loans are accumulated and distributed attracts the low income households. Furthermore, more than 90% of these small savings-based operations sustain themselves well beyond the initial support period, which provides opportunities for engaging them and their members into more advanced financial sector operations.

Component 2 of PROFIRA builds on the successful experiences in CSCG promotion in Uganda. In addition to aiming at a major increase in the coverage of the CSCGs in the poorer segments of the rural areas, the component also provides substantial support to the further development of the CSCG method in an innovative manner and with active linkages to the formal financial sector and its support organizations.

## **OBJECTIVE OF ASSIGNMENT AND GENERAL SCOPE OF WORK**

This assignment is part of the PROFIRA Sub-component 2.1 implementation, responding to the target of increasing financial inclusion by facilitating the establishment of new CSCGs in the project area. Under the PROFIRA contracts, the selected Service Providers would establish approximately 15,000 CSCGs in selected sub-regions over the implementation period of seven years. These new CSCGs are expected to cover a membership of approximately 375,000, with an average of 25 per CSCG. Using broadly the VSLA methodology, the target is that over 90% of the established CSCGs will sustain their operations even when the Service Provider withdraws from the direct support to the groups.

## **SPECIFIC DUTIES OF CSCG SERVICE PROVIDER UNDER THE CONTRACT**

PROFIRA, based on its targeting approach, selected the West Nile sub-region as one of the implementation areas of Sub-component 2.1. Operating within this sub-region, the Service Provider will have the full responsibility of establishing approximately 2,000 new CSCGs during its 3-year contract period, based on the criteria defined in the PROFIRA Project Documents and in the detailed Project Proposal that the Service Provider would present to PROFIRA. The specific duties of the Service Provider under this assignment include the following type of activities:

- a) Identify and propose – with assistance by the PMU – the operational area (districts, sub-counties, parishes) for the activities under the contract, based on agreed PROFIRA targeting criteria (attached)
- b) Mobilise community members in the operational area to form CSCGs
- c) Train the institutions' members and office holders in basic financial literacy and in savings and credit management and administration
- d) Provide intensive guidance to each supported CSCG during the initial months of operation
- e) Provide extensive on-site advice to the supported CBFIs after the intensive guidance phase, responding mainly to the demand by CSCGs
- f) Build the institutions' members awareness and skills on democratic processes required in the CSCG operations
- g) Establish a structure to check and verify the accounts and financial processes of each supported CSCG and train the persons involved in carrying out this oversight function
- h) Co-operate with the PMU in carrying out technical studies on the lessons emerging from the support activities
- i) Liaise with other CSCG Promoters to share experiences
- j) Monitor the implementation progress of its own activities and of the supported CSCGs according to defined indicators and report accordingly to the PMU of PROFIRA.

## **KEY INSTITUTIONAL QUALIFICATIONS**

The Service Provider should have the following institutional qualities:

- a) Registered institution under Ugandan law
- b) Orientation conforms with the essential features of the assignment, especially in sharing the aim of self-reliance and economic empowerment of community institutions
- c) Demonstrated experience in promoting community-based financial institutions in Uganda
- d) Demonstrated openness to learn and absorb new strategies and ideas
- e) Sufficient and suitably qualified core staff, including field staff with a clear understanding of the socio-economic and cultural situation in rural areas
- f) Good communications skills and good rapport with rural communities
- g) Transparent accounting systems and independently audited annual statements of income and expenditure.

## **CONTRACTING PROCESS AND PERFORMANCE-BASED MILESTONES**

The contracting process will follow the procedures of the Standard Request for Proposals for Consultancy Services, issued by PPDA. The Technical and Financial Proposals will be assessed by the PROFIRA CSCG Evaluation Committee and the PROFIRA Contracts Committee. Based on the Technical Proposals, the milestones for payments will be negotiated between the PMU and the Service Provider and included into the contract. They are expected include the following types of criteria:

- Presentation of Inception Report by the Service Providers
- The number of new CSCGs established, trained and started saving
- Presentation of Final Project Report by the Service Provider.

## **REPORTING, SUPERVISION AND AUDIT**

The contracted CSCG Service Provider will implement the project in accordance with the administrative procedures laid down in the Project Financing Agreement, the Project Implementation Manual and the agreed Annual Work Plan and Budgets. The Service Provider will report to the PMU based on systems and performance indicators agreed on for the community-based financial service operations of PROFIRA. The PMU and the contracted Service Provider will agree on the detailed reporting responsibilities during the contract negotiation and include these responsibilities as part of the performance-based contract.

The PMU will exercise regular supervision of the CSCG Service Provider contract on a collaborative and constructive basis. The Service Provider will allow the PMU, its representatives and the donor-appointed technical experts access to project records, staff and beneficiaries.

The CSCG Service Provider will exercise prudent accounting and internal audit procedures and have its accounts audited by reputable external auditors. For each financial year covering project expenditure, the CSCG Service Provider will submit to the PMU a complete external audit report on its procedures and annual accounts in the long format no later than three months after the end of each financial year.

## **SUBMISSION OF TECHNICAL AND FINANCIAL PROPOSALS**

The Technical and Financial Proposals for this contract must be submitted to the PMU of PROFIRA by xx.xx.2014, following the rules and procedures of international competitive bidding set by the PPDA. Further information concerning PROFIRA and this assignment is available, if required, from the PMU of PROFIRA (contact information to be included).

## **Attachment 3 to Technical Annex 2**

### **MODEL TOR FOR TENDERING FOR SUB-COMPONENT 2.2 CONTRACTS**

#### **REPUBLIC OF UGANDA**

#### **MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (MFPED)**

#### **PROJECT FOR FINANCIAL INCLUSION IN RURAL AREAS (PROFIRA)**

#### **TERMS OF REFERENCE FOR SERVICE PROVIDERS FOR CSCG STRENGTHENING, INNOVATIONS AND PARTNERSHIPS**

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**RECRUITMENT:** International and national competitive bidding

**CONTRACT:** Performance-based 3-year comprehensive lumpsum contract, starting Programme Year 1.

#### **BACKGROUND: THE PROJECT**

The Government of Uganda and the International Fund for Agricultural Development (IFAD) have jointly designed the Project for Financial Inclusion in Rural Areas (PROFIRA). This 7-year development project became effective in xxxx 2014. Its implementation is supported by an IFAD loan of around USD 30 million.

The overall *goal* of PROFIRA is to increase income, improve food security and reduce vulnerability in rural areas. Its *development objective* is to substantially increase access to and use of financial services by the rural poor population. PROFIRA aims to achieve its goal and objective through the implementation of two operational components:

Component 1 – SACCO Strengthening and Sustainability

SACCO Sustainability

Developing a Sustainable SACCO Union

Policy, Regulatory and Institutional Environment

Component 2 – Community Based Financial Services

Facilitate Establishment of New Community Savings and Credit Groups

CSCG Strengthening, Innovation and Partnerships.

#### **PROFIRA AND COMMUNITY-BASED FINANCIAL SERVICES**

The lessons learned globally and more particularly in Uganda show that systematically organized Community Savings and Credit Groups (CSCGs), often called in Uganda the Village Savings and Loan Associations (VSLAs) have been far more effective in providing financial services to financially excluded and un-banked segments of the population than the banks, MFIs or even SACCOs. The CSCG approach has been very effective in reaching the poor, the women and youth and enabling many of them to smooth their consumption pattern, deal with social sector expenditures, enhance agriculture productivity and increase the range of income generating activities. The manner and amounts in which the savings and loans are accumulated and distributed attracts the low income households. Furthermore, more than 90% of these small savings-based operations sustain themselves well beyond the initial support period, which provides opportunities for engaging them and their members into more advanced financial sector operations.

Component 2 of PROFIRA builds on the successful experiences in CSCG promotion in Uganda. In addition to aiming at a major increase in the coverage of the CSCGs in the poorer segments of the rural areas, the component also provides substantial support to the further development of the CSCG method in an innovative manner and with active linkages to the formal financial sector and its support organizations.



## **OBJECTIVE OF ASSIGNMENT AND GENERAL SCOPE OF WORK**

This assignment is part of the PROFIRA Sub-component 2.2 implementation, responding to the target of promoting the CSCG strengthening, innovation and partnerships. Under the PROFIRA contracts, the selected Service Providers would provide more advanced development support to the members of around 3,000 mature CSCGs in the four sub-regions over a period of three years, to increase the level of financial intermediation in these groups and for their members. These CSCGs are expected to cover a membership of approximately 75,000. Each selected group would receive PROFIRA support for the period of two full cycles, corresponding in most case to a total of two years.

## **SPECIFIC DUTIES OF CSCG SERVICE PROVIDER UNDER THE CONTRACT**

PROFIRA has, based on its targeting approach, selected West Nile sub-region as one of the implementation areas of Sub-component 2.2. Operating within this sub-region, the contracted Service Provider will have the responsibility of supporting around 375 mature CSCGs during its 3-year contract period, based on the criteria defined in the PROFIRA Project Documents and in the detailed Project Proposal that the Service Provider would present to PROFIRA.

Most of the key CSCG service providers in Uganda and the region are currently working on strategies on how to develop the CSCG/VSLA method to the benefit of their members by (i) modifying the CSCG method itself so that the group members could receive more advanced, appropriate and fairly priced financial services from the CSCG itself and (ii) linking the groups and their members to financial institutions and other economic operators in an appropriate, innovative and safe manner. These new development efforts and pilot programmes, while aiming at the same overall target of improved financial service provision, differ in many ways in their orientation and approach to such issues as the method of savings accumulation, capacity building and the focus in linkage formation.

Under this PROFIRA contract, experienced CSCG/VSLA service providers are invited to present project proposals on how to further develop the CSCG/VSLA model, how to increase the business capacities of the group members to be able to get engaged in larger-scale income generating activities, and how to raise funds needed by the members in their more developed business activities. While the approaches of service providers in these development activities are likely to differ, each project is expected to use PROFIRA resources to cover most or all of the following type of activities with mature CSCGs and their members:

- Advanced business development training to CSCG members
- Advanced financial literacy training to CSCG members
- Development of the CSCG model to encourage the accumulation of group savings over different cycles, to make room for larger and longer loans from the CSCGs' own funds
- Support to register the mature CSCGs under local government, to make bank linkages and other economic partnerships possible
- Focused and pro-active linkage support with financial institutions, including IT based solutions
- Partnership building with CSCGs and their members with other economic operators in the rural communities.

## **KEY INSTITUTIONAL QUALIFICATIONS**

The Service Provider should have the following institutional qualities:

- h) Registered institution under Ugandan law
- i) Orientation conforms with the essential features of the assignment, especially in sharing the aim of self-reliance and economic empowerment of community institutions
- j) Demonstrated experience in promoting community-based financial institutions in Uganda, in further developing the VSLA/CSCG approach and in innovative approaches when linking the groups and their members to financial sector in Uganda

- k) Demonstrated openness to learn and absorb new strategies and ideas
- l) Sufficient and suitably qualified core staff, including field staff with a clear understanding of the socio-economic and cultural situation in rural areas
- m) Good communications skills and good rapport with rural communities
- n) Transparent accounting systems and independently audited annual statements of income and expenditure.

## **CONTRACTING PROCESS AND PERFORMANCE-BASED MILESTONES**

The contracting process will follow the procedures of the Standard Request for Proposals for Consultancy Services, issued by PPDA. The Technical and Financial Proposals will be assessed by the PROFIRA CSCG Evaluation Committee and the PROFIRA Contracts Committee. Based on the Technical Proposals, the milestones for payments will be negotiated between the PMU and the Service Provider and included into the contract. They are expected to include the following types of criteria:

- Presentation of Inception Report by the Service Providers
- The number of mature CSCGs included in PROFIRA support operations
- The number of mature CSCGs that have completed their support cycle with the Service Provider
- Presentation of Final Project Report by the Service Provider.

## **REPORTING, SUPERVISION AND AUDIT**

The contracted CSCG Service Provider will implement the project in accordance with the administrative procedures laid down in the Project Financing Agreement, the Project Implementation Manual and the agreed Annual Work Plan and Budgets. The Service Provider will report to the PMU based on systems and performance indicators agreed on for the community-based financial service operations of PROFIRA. The PMU and the contracted Service Provider will agree on the detailed reporting responsibilities during the contract negotiations and include these responsibilities as part of the performance-based contract.

The PMU will exercise regular supervision of the CSCG Service Provider contract on a collaborative and constructive basis. The Service Provider will allow the PMU, its representatives and the donor-appointed technical experts access to project records, staff and beneficiaries.

The CSCG Service Provider will exercise prudent accounting and internal audit procedures and have its accounts audited by reputable external auditors. For each financial year covering project expenditure, the CSCG Service Provider will submit to the PMU a complete external audit report on its procedures and annual accounts in the long format no later than three months after the end of each financial year.

## **SUBMISSION OF TECHNICAL AND FINANCIAL PROPOSALS**

The Technical and Financial Proposals for this contract must be submitted to the PMU of PROFIRA by xx.xx.2014, following the rules and procedures of local competitive bidding set by the PPDA. Further information concerning PROFIRA and this assignment is available, if required, from the PMU of PROFIRA (contact information to be included).

## Technical Annex 3

### Lists of Assets to be transferred from RFSP to PROFIRA

#### FIXED ASSETS AT RURAL FINANCIAL SERVICES PROGRAMME (PAU)

	ASSET CODE	ASSET NAME	PURCHASE DATE	ROOM	CONDITION
1	GoU/ IFAD/01	Filing Cabinet	14/12/2004	Room 23	Working
2	GOU/IFAD/RFSP/12-13/02	Fan	02/2012	Room D	Working
3	GOU/IFAD/RFSP/12-13/02	UPS	02/2012	Room A	Working
4	GOU/IFAD/RFSP/12-13/03	Fan(bajaj)	02/2012	Room E	Working
5	GOU/IFAD/RFSP/12-13/PRNT-01	Printer(KYOCERA)	02/2012	Room 22	Working
6	GOU/IFAD/RFSP/12-13/PRNT-03	Printer (Kyocera)	02/2012	Room E	Working
7	GOU/IFAD/RFSP/12-13/UPS 03	UPS	02/2012	Room E	Working
8	GOU/IFAD/RFSP/13-12/01	Fan(bajaj)	02/2012	Room A	Working
9	RFSP/GOU/PAU-AC-01	Air conditioner (AC)	02/07/2012	PAU	Working
10	RFSP/GOU/PAU-AC-02	Air conditioner (AC)	02/07/2012	PAU	Working
11	RFSP/GOU/PAU-AC-03	Air conditioner (AC)	02/07/2012	PAU	Working
12	IFAD/GOU/84	Cupboard/glassed	2009	Room E	Working
13	IFAD/GOU/070	Wooden chair	16/06/2004	Room A	Working
14	IFAD/GoU/101	Telephone Headset	07/05/2003	Room 22	Working
15	IFAD/GOU/110	Book shelf	18/02/2006	Room A	Working
16	IFAD/GOU/113	Book shelf	18/02/2008	Room B	Working
17	IFAD/GOU/120	UPS	01/11/2006	Room D	Working
18	IFAD/GoU/120	Computer	01/11/2006	Room A&D	Working
19	IFAD/GOU/140	Scanner	16/01/2006	Admin-Dinnah	Working
20	IFAD/GoU/150	UPS	14/02/2006	Room E	Working
21	IFAD/GoU/160	Vacuum Cleaner	08/11/2006	Container	Working
22	IFAD/GoU/162	Photocopier	07/04/2007	Admin-Dinnah	Working
23	GOU/RFSP/12-13/LAD-01	Ladders	22/04/2013	PAU	Working
24	IFAD/GOU/171	Laptop	31/03/2010	Daniel	Working
25	IFAD/GOU/172	Laptop	30/04/2009	Room A( Brian)	Working
26	IFAD/GOU/173	Laptop	31/03/2010	Room D(JACKIE)	Working
27	IFAD/GOU/174	Laptop	31/03/2010	Collin	Working
28	IFAD/GOU/175	Laptop	30/04/2009	Carol	Working
29	IFAD/GOU/178	Computer	31/03/2010	Room E	Working
30	IFAD/GOU/182	Book shelf	31/03/2010	Coordinator's office	Working
31	IFAD/GOU/183	Book shelf	31/03/2010	Room A	Working
32	IFAD/GOU/185	Book shelf	30/04/2009	Admin-Dinnah	Working
33	IFAD/GOU/186	Book shelf	30/04/2009	Room D	Working
34	IFAD/GOU/187	Book Shelf	31/03/2010	Room 24	Working
35	IFAD/GOU/190	Book shelf	31/03/2010	Room D	Working
36	IFAD/GOU/191	Printer	31/03/2010	Admin-Dinnah	Working
37	IFAD/GOU/192	Printer	31/03/2010	Room 24	Working
38	IFAD/GOU/194	Laptop	31/03/2010	Room 23	Working
39	IFAD/GOU/196	Desk	31/03/2010	Corridor	Working
40	IFAD/GOU/197	Safe	29/08/2009	Room 25	Working
41	IFAD/GOU/198	Safe	29/08/2009	Room 23	Working
42	IFAD/GOU/202	Computer set	29/12/2009	Room 24	Working
43	IFAD/GOU/203	Computer set	29/12/2009	Room 24 & Reception	Working

44	IFAD/GOU/204	Computer set	29/12/2009	Room 18 & Admin-Dinnah	Working
45	IFAD/GOU/206	UPS	13/01/2010	Admin-Dinnah	Working
46	IFAD/GOU/206	Computer set	29/12/2009	Reception & Room 24	Working
47	IFAD/GOU/208	UPS	29/12/2009	Admin-Dinnah	Working
48	IFAD/GOU/210	Laptop	29/12/2009	Finance- Room 22.	Working
49	IFAD/GOU/211	Laptop	29/12/2009	Yusuf.	Working
50	IFAD/GOU/212	Laptop	29/12/2009	Coordinator's office	Working
51	IFAD/GOU/216	Notice board	29/12/2009	Room E	Working
52	IFAD/GOU/217	Bookshelf	29/12/2009	Room 24	Working
53	IFAD/GOU/218	Bookshelf	29/12/2009	Room 24	Working
54	IFAD/GOU/219	Bookshelf	29/12/2009	Corridor	Working
55	IFAD/GOU/220	Bookshelf	29/12/2009	Coordinator's office	Working
56	IFAD/GOU/221	Bookshelf	29/12/2009	Coordinator's office	Working
57	IFAD/GOU/222	Secretarial desk	29/12/2009	Coordinator's office	Working
58	IFAD/GOU/O9	Chair	07/08/2003	Room D	Working
59	IFAD/GOU/RFSP/SERV-01	compute set	20/10/2001	Room 18	Working
60	IFAD/MOP/MCAP 006	Table	02/12/2005	Room 24	Working
61	IFAD/MOP/MCAP 001	Table	02/12/2005	Coordinator's office	Working
62	IFAD/MOP/MCAP 007	Table	02/12/2005	Room 24	Working
63	IFAD/MOP/MCAP 021	Computer desk	02/12/2005	Room A	Working
64	IFAD/MOP/MCAP 032	Laptop	05/01/2006	Admin-Dinnah	Working
65	IFAD/MOP/MCAP 035	Filing cabinet	19/12/2005	Corridor	Working
66	IFAD/MOP/MCAP 047a,b	CPU	19/06/2006	Room 24	Working
67	IFAD/MOP/MCAP/061	LCD Projector	23/03/2007	Admin-Dinnah	Working
68	RFSP/PAU/CPU-01	CPU/ Key board	04/12/2012	Room E	Working
69	GOU/RFSP/12-13/PRNT-02	Printer (Kyocera)	22/04/2013	Coordinator's office	Working
70	GOU.RFSP.006	Book shelf	22/04/2013	Room A	Working
71	IFAD/MOP/MCAP047D	UPS	19/12/2005	Room A	Working
72	UG 0528F	Vehicle Ford Ranger D/C pick up	20/09/2005	PAU parking lot	Working
73	UG 0610F	Vehicle Ford Ranger D/C pick up	06/02/2007	PAU parking lot	Working
74	UG 0712F	Vehicle Mahindra D/C pick up	06/01/2012	PAU parking lot	Working
75	UG0711F	Vehicle Mahindra D/C pick up	06/01/2012	PAU parking lot	Working
76	UG 0713F	Vehicle Mahindra D/C pick up	01/06/2012	UCSCU	Working
77	UG0728F	Vehicle Mitsubishi D/C pick up	02/07/2013	PAU parking lot	Working
78	UG0715F	Vehicle Suzuki Vitara station wagon	31/05/2012	PAU	Working
79	UAA 298F	Nissan Patrol		Kiggumba	Working

## DANIDA ASSETS LOCATED RURAL FINANCIAL SERVICES PROGRAMME

	ASSET CODE	ASSET NAME	PURCHASE DATE	ROOM	CONDITION
1	DANIDA/GOU/09	Chair	01/01/2005	Room D	Working
2	DANIDA/GOU/06	CPU,Key Board, Monitor	01/01/2006	Room A	Working
3	DANIDA/GOU/07	Coat stand	01/01/2005	Room 22	Working
4	DANIDA/GOU/08	Coat stand	01/01/2005	Room B	Working
5	DANIDA/GOU/09	Coat stand	01/01/2006	Room E	Working
6	DANIDA/GOU/12	Projector	01/07/2006	Admin-Dinnah	Working
7	DANIDA/GOU/17	Water Dispenser	01/07/2006	Corridor	Working

## FINMAP ASSETS LOCATED AT RURAL FINANCIAL SERVICES PROGRAMME

	ASSET CODE	ASSET NAME	PURCHASE DATE	SUPPLIER	ROOM	CONDITION
1	FINMAP/DFP/UPS-007	UPS	12/10/2010	Computer point ltd	Room 22	Working
2	FINMAP/DFP/CPU-007	CPU	12/10/2010	Computer point ltd	Room 22	Working
3	FINMAP/DFP/MON-007	Monitor	12/10/2010	Computer point ltd	Room B	Working
4	FINMAP/DFP/KBD-007	Keyboard	12/10/2010	Computer point ltd	Room 22	Working
5	FINMAP/DFP/UPS-008	UPS	12/10/2010	Computer point ltd	Room 22	Working
6	FINMAP/DFP/CPU-008	CPU	12/10/2010	Computer point ltd	Room 22	Working
7	FINMAP/DFP/MON-008	Monitor	12/10/2010	Computer point ltd	Room 22	Working
8	FINMAP/DFP/KBD-008	Keyboard	12/10/2010	Computer point ltd	Room 22	Working
9	FINMAP/DFP/UPS 009	UPS	12/10/2010	Computer point ltd	Coordinator's office	Working
10	FINMAP/DFP/MON-009	Monitor	12/10/2010	Computer point ltd	Room 22	Working
11	FINMAP/DFP/KBD-009	Keyboard	12/10/2010	Computer point ltd	Room 22	Working
12	FINMAP/DFP/CPU-009	CPU	12/10/2010	Computer point ltd	Room 22	Working
13	FINMAP/DFP/CPU-011	CPU	12/10/2010	Computer point ltd	Room 24	Working
14	FINMAP/DFP/KBD-011	Keyboard	12/10/2010	Computer point ltd	Room 24	Working
15	FINMAP/DFP/MON-011	Monitor	12/10/2010	Computer point ltd	Room 24	Working
16	FINMAP/DFP/UPS-012	UPS	12/10/2010	Computer point ltd	Room 24	Working
17	FINMAP/DFP/KBD-012	Keyboard	12/10/2010	Computer point ltd	Room B	Working
18	FINMAP/DFP/MON 012	Monitor	12/10/2010	Computer point ltd	Coordinator's office	Working
19	FINMAP/DFP/UPS-010	UPS	12/10/2010	Computer point ltd	Room B	Working
20	FINMAP/DFP/UPU 010	CPU	12/10/2010	Computer point ltd	Coordinator's office	Working
21	FINMAP/DFP/KBD 010	Keyboard	12/10/2010	Computer point ltd	Coordinator's office	Working
22	FINMAP/DFP/MON/010	Monitor	12/10/2010	Computer point ltd	Room 22	Working
23	FINMAP/DFP/PRT-001	Printer	12/10/2010	Computer point ltd	Room 22	Working
24	FINMAP/DFP/PRT-002	Printer	12/10/2010	Computer point ltd	Room 24	Working
25	FINMAP/DFP/RT/001	Internet server -Toten	12/10/2010	Computer point ltd	Room 18	Working

## EU ASSETS LOCATED AT RURAL FINANCIAL SERVICES PROGRAMME

	ASSET CODE	ASSET NAME	PURCHASE DATE	SUPPLIER	ROOM	CONDITION
1	EU/GOU/105	Table	14.04.2004	Pwan Agencies (U) LTD	Admin-Dinnah	Working
2	EU/GOU	Blue chair	15.07.2004	Multi Options	Room 22	Working
3	EU/GOU	Table phone	14.04.2004	Pwan Agencies (U) LTD	Room 24	Working
4	EU/GOU/214	Blue chair	15.07.2004		Room 18	Working
5	EU/GOU/310	Filing cabinet	15.12.2004	Malaysia Furniture Centre	Room B	Working
6	EU/GOU/500	Printer- small	26.02.2004	Kazinga Channel	Coordinator's office	Working
7	EU/GOU/E 111	Monitor/ Keyboard	03.04.2006	Southern Business Solutions	Room D	Working
8	EU/GOU/E100	Keyboard,Monitor,	26.02.2004	Kazinga Channel	Admin-Dinnah	Working
9	EU/GOU/E102	A server	26.02.2004	Kazinga Channel	Room D	Working
10	EU/GOU/E102	CPU,Key Board, Monitor	20.09.2004	Kazinga Channel	Corridor	Not working
11	EU/GOU/E103	Computer	19.01.2004	MTA Computers	Admin-Dinnah	Working
12	EU/GOU/E108	Monitor	03.04.2006	MTA Computers	Coordinator's office	Working
13	EU/GOU/E112	CPU/ Key board	03.04.2006	Southern Business Solutions	Room B	Working
14	EU/GOU/E202	UPS	20.09.2004	Kazinga Channel	Room E	Working
15	EU/GOU/E204	UPS	20.09.2004	MTA Computers	Room B	Working
16	EU/GOU/E205	UPS	08.12.2004	MTA Computers	Room A	Working
17	EU/GOU/E207	UPS	08.12.2004	MTA Computers	Room E	Working
18	EU/GOU/E208	UPS	03.04.2006	MTA Computers	Corridor	Not working
19	EU/GOU/E209	UPS	03.04.2006	Southern Business Solutions	Coordinator's office	Working
20	EU/GOU/E210	UPS	14.04.2004	Southern Business Solutions	Room 22	Working
21	EU/GOU/E301	Printer	06.04.2006	Nile Computers	Room 22	Working
22	EU/GOU/E302	Printer	14.04.2004	Nile Computers	Corridor	Not working
23	EU/GOU/E303	Aprinter	09.11.2004	Kazinga Channel	Room B	Working
24	EU/GOU/E304	Printer (coloured)	09.11.2004	Kazinga Channel	Room A	Working
25	EU/GOU/E600	TV screen	14.04.2004	Majestic (U)	Room E	Working
26	EU/GOU/E601	DVD sonny	14.04.2005	Majestic (U)	Admin-Dinnah	Working
27	EU/GOU/E701	Table phone	14.04.2004	Pwan Agencies (U) LTD	Reception	Working
28	EU/GOU/E703	Table phone	14.04.2004	Pwan Agencies (U) LTD	Room 24	Working
29	EU/GOU/E704	Table phone	14.04.2004	Pwan Agencies (U) LTD	Room 24	Working
30	EU/GOU/E705	Table phone	14.04.2004	Pwan Agencies (U) LTD	Room B	Working
31	EU/GOU/E706	Table phone	14.04.2004	Pwan Agencies (U) LTD	Coordinator's office	Working
32	EU/GOU/E707	Table phone	30.11.2004	Pwan Agencies (U) LTD	Room 22	Working
33	EU/GOU/E708	Table phone	14.04.2004	Pwan Agencies (U) LTD	Room 18	Working
34	EU/GOU/E800	Bidding machine	15.06.2004	Gulf Africa	Corridor	Working
35	EU/GOU/E801	Notice board	15.06.2004	Bacfor Co. Ltd	Reception	Working
36	EU/GoU/E802	Flip Chart Stand	Office Equipment		Container	Not working
37	EU/GOU/F100	Table	15.06.2004	Malaysia Furniture Centre	Room E	Working
38	EU/GOU/F100	Table	15.06.2004	Malaysia Furniture Centre	Room E	Working
39	EU/GOU/F100	Table	15.06.2004	Malaysia Furniture Centre	Room 22	Working
40	EU/GOU/F100	Table	15.06.2004	Malaysia Furniture Centre	Room 22	Working

41	EU/GOU/F100	Table	15.06.2004	Malaysia Furniture Centre	Room 24	Working
42	EU/GOU/F102	Table	19.01.2004	Malaysia Furniture Centre	Room B	Working
43	EU/GOU/F103	Table	19.01.2004	Multi Options	Room 18	Working
44	EU/GOU/F104	Table	19.01.2004	Multi Options	Room E	Working
45	EU/GOU/F105	Table	19.01.2004	Multi Options	Admin-Dinnah	Working
46	EU/GOU/F106	Computer desk	19.01.2004	Multi Options	Room 18	Working
47	EU/GOU/F106	Table	19.01.2004	Multi Options	Room 24	Working
48	EU/GOU/F107	Table	19.01.2004	Multi Options	Coordinator's office	Working
49	EU/GOU/F107	Table	15.07.2004	Multi Options	Coordinator's office	Working
50	EU/GOU/F108	Round table	15.07.2004	Multi Options	Coordinator's office	Working
51	EU/GOU/F200	Blue chair-Conference	15.07.2004	Multi Options	Room B	Working
52	EU/GOU/F204	Blue chair-Conference	15.07.2004	Multi Options	Room 18	Working
53	EU/GOU/F208	Blue chair-Conference	15.07.2004	Multi Options	Room A	Working
54	EU/GOU/F222	Blue chair-Conference	15.07.2004	Multi Options	Room 24	Working
55	EU/GOU/F223	Blue chair-Conference	15.07.2004	Multi Options	Admin-Dinnah	Working
56	EU/GOU/F224	Blue chair-Conference	15.06.2004	Multi Options	Room 24	Working
57	EU/GOU/F225	Blue chair-Conference	19.01.2004	Multi Options	Room 18	Working
58	EU/GOU/F227	Chair	19.01.2004	Malaysia Furniture Centre	Reception	Working
59	EU/GOU/F230	Blue chair	19.01.2004	Multi Options	Room 22	Working
60	EU/GOU/F233	Blue chair	19.01.2004	Multi Options	Room B	Working
61	EU/GOU/F234	Blue chair	19.01.2004	Multi Options	Room 22	Working
62	EU/GOU/F235	Blue chair	19.01.2004	Multi Options	Room B	Working
63	EU/GOU/F237	Blue chair	19.01.2004	Multi Options	Coordinator's office	Working
64	EU/GOU/F238	Blue chair	19.01.2004	Multi Options	Room D	Working
65	EU/GOU/F239	Blue chair	19.01.2004	Multi Options	Coordinator's office	Working
66	EU/GOU/F240	Blue chair	19.01.2004	Multi Options	Coordinator's office	Working
67	EU/GOU/F241	Blue chair	19.01.2004	Multi Options	Coordinator's office	Working
68	EU/GOU/F242	Blue chair	19.01.2004	Multi Options	Coordinator's office	Working
69	EU/GOU/F244	Blue chair	19.01.2004	Multi Options	Reception	Working
70	EU/GOU/F245	Blue chair	19.01.2004	Multi Options	Coordinator's office	Working
71	EU/GOU/F245	Blue chair	19.01.2004	Multi Options	Room 18	Working
72	EU/GOU/F247	Blue chair	19.01.2004	Multi Options	Reception	Working
73	EU/GOU/F249	Filing cabinet	19.01.2004	Multi Options	Admin-Dinnah	Working
74	EU/GOU/F250	Filing cabinet	15.12.2004	Multi Options	Coordinator's office	Working
75	EU/GOU/F251	Filing cabinet	15.12.2004	Multi Options	Room D	Working
76	EU/GOU/F300	Cupboard/ Wooden	15.12.2004	Malaysia Furniture Centre	Corridor	Working
77	EU/GOU/F302	Cupboard/ wooden	15.12.2004	Malaysia Furniture Centre	Room B	Working
78	EU/GOU/F302	Filing cabinet	15.12.2004	Malaysia Furniture Centre	Room 22	Working
79	EU/GOU/F304	Cupboard- wooden	15.12.2004	Malaysia Furniture Centre	Admin-Dinnah	Working
80	EU/GOU/F305	Cupboard	15.12.2004	Malaysia Furniture Centre	Corridor	Working
81	EU/GOU/F306	Cupboard	15.12.2004	Malaysia Furniture Centre	Room A	Working

82	EU/GOU/F307	Cupboard-Wooden	15.12.2004	Malaysia Furniture Centre	Coordinator's office	Working
83	EU/GOU/F308	Filing cabinet	19.01.2004	Malaysia Furniture Centre	Room 18	Working
84	EU/GOU/F400	Book shelf	19.01.2004	Malaysia Furniture Centre	Room A	Working
85	EU/GOU/F500	Reception table	19.01.2004	Multi Options	Reception	Working

## WENT TO FINANCE

EU/GoU/E203	UPS	Computers
EU/GoU/E300	Printer	Computers
EU/GoU/E400	Photocopier	Computers
EU/GoU/F101	Table	Office Furniture
EU/GoU/F201	Chair	Office Furniture
EU/GoU/F202	Chair	Office Furniture
EU/GoU/F203	Chair	Office Furniture
EU/GoU/F205	Chair	Office Furniture
EU/GoU/F206	Chair	Office Furniture
EU/GoU/F207	Chair	Office Furniture
EU/GoU/F209	Chair	Office Furniture
EU/GoU/F210	Chair	Office Furniture
EU/GoU/F211	Chair	Office Furniture
EU/GoU/F212	Chair	Office Furniture
EU/GoU/F213	Chair	Office Furniture
EU/GoU/F215	Chair	Office Furniture
EU/GoU/F216	Chair	Office Furniture
EU/GoU/F217	Chair	Office Furniture
EU/GoU/F218	Chair	Office Furniture
EU/GoU/F219	Chair	Office Furniture
EU/GoU/F220	Chair	Office Furniture
EU/GoU/F221	Chair	Office Furniture
EU/GoU/F226	Chair	Office Furniture
EU/GoU/F228	Chair	Office Furniture
EU/GoU/F229	Chair	Office Furniture
EU/GoU/F232	Chair	Office Furniture
EU/GoU/F248	Filing Cabinets	Office Equipment
EU/GoU/F303	cabinet	Office Equipment



### SUFFICE ASSETS LOCATED AT RURAL FINANCIAL SERVICES PROGRAMME

	ASSET CODE	ASSET NAME	ROOM	CONDITION
1	SUF/COMP/001SX90	UPS	Room B	Working
2	SUF/COMP/002SX90	UPS	Room D	Working
3	SUF/EQUIP/001SX90	Filing cabinet	Room 24	Working
4	SUF/EQUIP/002SX90	Fan (evernal)	Room B	Working
5	SUF/EQUIP/008SX90	Camera	AdmIn-Dinnah	Working
6	SUF/FURN/002SX90	Computer desk	Room D	Working
7	SUF/FURN/003SX90	Chair	Room D	Working
8	SUF/FURN/015SX90	Chair	Room 22	Working
9	SUF/FURN/018SX90	Chair	Room 18	Working
10	SUF/FURN/019 SX90	Coat stand	Room E	Working
11	SUF/FURN/020SX90	Chair	Room E	Working
12	SUF/FURN/SX90	Computer desk	Room A	Working

### GoU FIXED ASSETS LOCATED AT RURAL FINANCIAL SERVICES PROGRAMME

	ASSET CODE	ASSET NAME	SUPPLIER	ROOM	CONDITION
1	GOU.RFSP.006	Book shelf		Room A	Working
2	GOU/RFSP/12-13/LAD-01	Ladders		Corridor	Working
3	GOU/RFSP/12-13/PRNT-02	Printer (Kyocera)	MTA Computers LTD	Coordinator's office	Working
4	RFSP/GOU/PAU-AC-01	Air conditioner (AC)	UGASUNG Electronics	AdmIn-Dinnah	Working
5	RFSP/GOU/PAU-AC-02	Air conditioner (AC)	UGASUNG Electronics	Room 18	Working
6	RFSP/GOU/PAU-AC-03	Air conditioner (AC)	UGASUNG Electronics	Room 24	Working
7	RFSP/PAU/CPU-01	CPU/ Key board	MTA Computers LTD	Room E	Working

### M S E P U ASSETS LOCATED AT RURAL FINANCIAL SERVICES PROGRAMME

	ASSET CODE	ASSET NAME	DATE OF PURCHASE	ROOM	CONDITION
1	M S E P U	Chair	2004	Room E	Working
2	M S E P U	Filing cabinet	2004	Coordinator's office	Working

## MOP FIXED ASSETS LOCATED AT RURAL FINANCIAL SERVICES PROGRAM

	ASSET CODE	ASSET NAME	DATE OF PURCHASE	ROOM	CONDITION
1	MOP/BCF/COM/004	CPU	2006	Room E	Working
2	MOP/BCF/COM/005	UPS	2006	Room E	Working
3	MOP/BCF/COM/008	Monitor, CPU,	2006	Room E	Working
4	MOP/BCF/COM/009	UPS	2006	Coordinator's office	Working
6	MOP/BCF/F&F/006	Book shelf	2006	Room 22	Working
7	MOP/BCF/F&F/009	Book shelf - small size	2006	Reception	Working
8	MOP/BCF/F&F/010	Table	2006	Room 22	Working
9	MOP/BCF/F&F/014	Table	2006	Room E	Working
10	MOP/BCF/F&F/019	Table	2006	Room 22	Working
11	MOP/BCF/F&F/020	Table	2006	Room 22	Working
12	MOP/BCF/F&F/023	Chair	2006	Corridor	Working
13	MOP/BCF/F&F/033	Chair	2008	Room 24	Working
15	MOP/BCF/OEQ/006	Table phone	2006	Room 22	Working
16	MOP/BCF/OEQ/015	Table phone	2006	Room B	Working
17	MOP/PCF/F&F/021	Chair	2008	Room E	Working

## OTHER ASSETS AT RURAL FINANCIAL SERVICES PROGRAMME (PAU)

	ASSET CODE	ASSET NAME	ROOM	CONDITION
1	U I CBP/CAB 6	Filing cabinet	Coordinator's office	Working
2	UGA/01/002/C012	Chair	Room 24	Working
3	UICBP-CAB/7	Filing cabinet	Reception	Working