

GOVERNING MFIS EFFECTIVELY THROUGH ANALYSIS & STRATEGIC THINKING

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International Finance Development



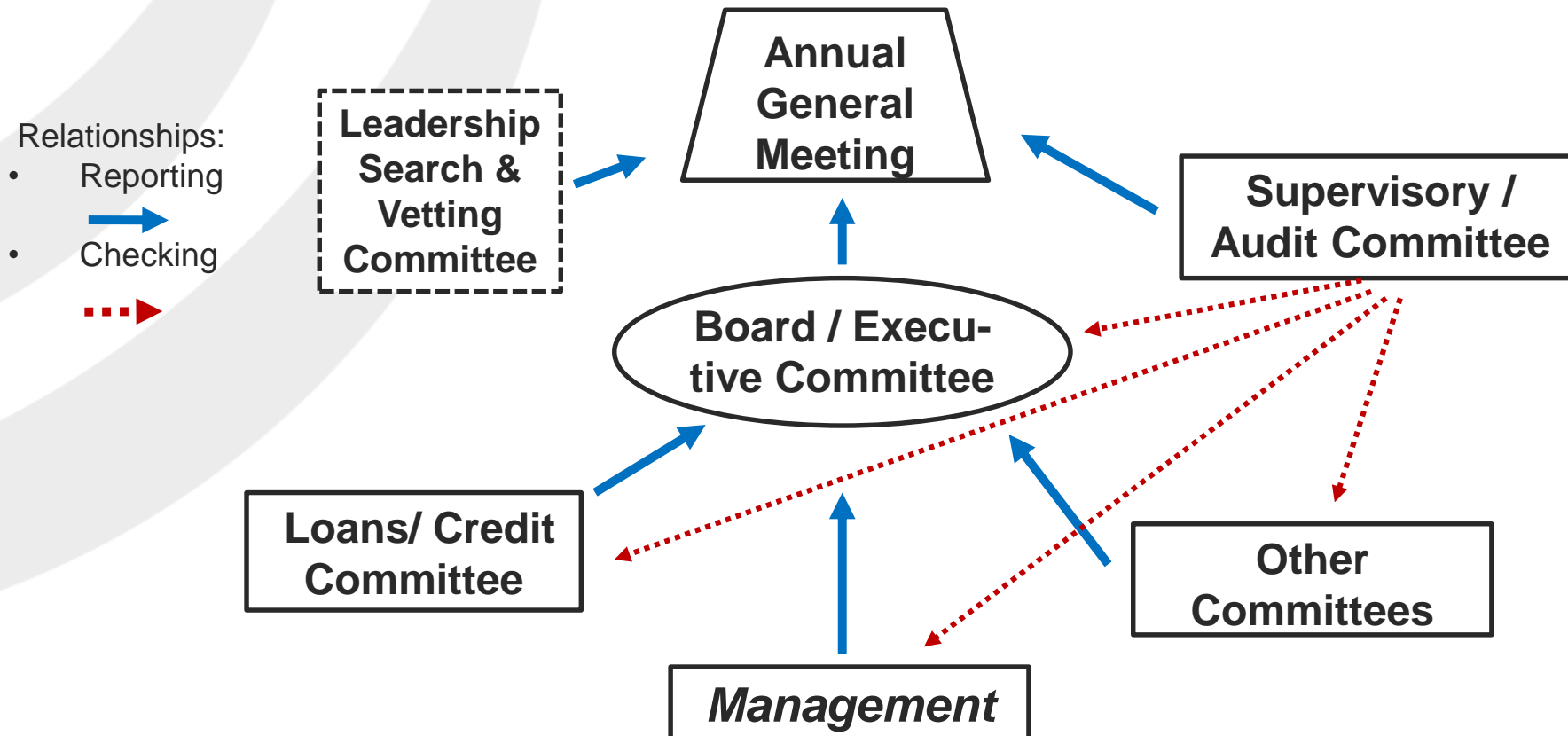
Uganda Co-operative Alliance



German Cooperative and
Raiffeisen Confederation

Cooperative Governance Organs and Structure


Non-cooperatives: Supervisory board & staff instead of AGM & Committees



Tasks of the Board of directors

- The board
 - defines and upholds the **coop's policies** & **strategic objectives**
 - establishes **annual strategic targets** together with management
 - **supervises**, appraises & disciplines **management staff**

But HOW?

- 
- **Need** for **up to date** *monthly performance indicators* to
 - Analyse **seasonal trends** in **loans & savings** -> **define a strategy**
 - Agree with staff on next concrete steps, **frequently**



Savings & Loan Portfolio Management Tool with **easy to understand** handy reports for SACCOs/MFIs without *Management Information System (MIS)*

→ for MFIs with a MIS, such reports **need to be configured**:

A: *Daily arrears report* allowing to **filter by** LO, client's region, level of arrears

B: *Daily, handy portfolio reports* including **Slicing & Dicing functionality**

- *Members (number, growth); Shares (balance /number)*
- *Savings (balance, number of non dormant accounts); FDs*
- *Outstanding Loans (balance, no.); Disbursements (balance, no.)*
- *Arrears amounts (30-day PAR, 60-day, >60 day); No. of days in arrears*

C: **Easy to understand** key indicators **monthly comparison report** to

- **analyse seasonal trends** and **define a strategy** for the next period
 - *growth of membership, loan portfolio (renewals, arrears), savings, shares*
 - **follow up regularly** on **progress made** regarding **concrete** actions agreed

This will automatically improve abstract indicators such as **OSS, PF Yield, ...**

Slide
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Slide
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- **Arrears report** with complete information needed to **call** and **visit** the client in the field

Insert Date of LATEST recordings in B6-D6										O/S Principal: 96.073.750		Amounts											
Year - 4 digits			Mnth	Day	30d_PaR:	1,2%	1.181.963	180d	0,6%	Expected	Realized	Tot. Curr. acm. Arrears at EOM			Total Current Outstanding			180d_PaR:	573.400				
EOM:			2018	9	30	60d_PaR:	3,9%	3.778.101	270d	0,0%	32.309.324	23.612.650	8.306.150	920.500	0	122.004.250	96.073.750	25.930.500	270d_PaR:	0			
PostingDy:			2018	9	1	90d_PaR:	1,0%	980.750	360d+	0,0%				# O/S loans: 76			360d+_PaR:	0					
1495 =max ID-No as: Read Cmn				Disbursement	# Arrears:	19	139.800.000	38.377.500	Expected Realized		Current acmltd Arrears at E			Current Outstanding									
Member ID-Acct no.	Surname & first name	Loan Status key input	Day	Mth	Year 4-digits	Check Due Date	# of dys in arrears estim	Total orig. Principal	Total orig. Interest	Declining or fla	Loan type	Total exp. this mth	Total realized this mth	Principal	Interest	Penalties	Total	Principal	Interest	Mbr's Phone No.	LO's name or con	Mbr's Gen	Code for Arre /Reg
0072-05	PHILLIPO	disbursed	21	8	2017	21-Aug-18	71	2.000.000	600.000	flat	Trd	1.125.050	609.100	515.950	0	0	515.950	515.950	0		Francis	M	Reg2
0286-03	JOHN	disbursed	20	4	2018	20-Apr-19	12	1.000.000	300.000	flat	Trd	216.532	111.000	87.032	18.500	0	972.200	753.700	218.500	0750 716 423	Francis	M	Reg3
0333-04	ROBERT	disbursed	21	3	2018	21-Jan-19	11	1.200.000	300.000	flat	AgPrd	280.000	278.000	2.000	0	0	752.000	602.000	150.000		Francis	M	Reg3
0341-06	DIDAS	disbursed	6	3	2018	06-Nov-18	26	800.000	160.000	flat	Trd	240.000	215.000	5.000	20.000	0	385.000	305.000	80.000	0745 392 651	Francis	M	Reg2
0374-05	PATRICK	disbursed	22	7	2017	22-Jul-18	101	1.500.000	450.000	flat	Trd	729.900	302.500	427.400	0	0	427.400	427.400	0	0773 451 956	Francis	M	Reg2
0567-06	ISSA	disbursed	1	12	2017	01-Oct-18	30	1.600.000	400.000	flat	Trd	400.000	150.000	210.000	40.000	0	650.000	530.000	120.000	0780 639 143	Francis	F	Reg2
0886-02	CYRIL	disbursed	25	10	2017	25-Aug-18	67	1.600.000	400.000	flat	Trd	850.500	345.700	464.800	40.000	0	504.800	464.800	40.000	0780 391 295	Francis	F	Reg2
1231-03	JULIET	disbursed	22	12	2017	22-Dec-18	40	3.000.000	900.000	flat	Trd	1.167.900	420.100	597.800	150.000	0	2.047.800	1.597.800	450.000	0712 456 306	Francis	F	Reg2
1343-02	FRANCIS	disbursed	11	5	2018	11-Nov-18	51	400.000	60.000	flat	Serv	230.001	39.700	180.301	10.000	0	420.300	380.300	40.000	0778 567 985	Francis	M	Reg3
1382-05	FULIGENSIO	disbursed	1	8	2018	01-Aug-18	31	3.000.000	75.000	flat	Trd	3.075.000	0	3.000.000	75.000	0	3.075.000	3.000.000	75.000	0781 649 462	Francis	M	Reg2
1392-03	CHARLES	disbursed	24	11	2017	24-Sep-18	8	2.500.000	625.000	flat	AgPrd	625.000	312.500	250.000	62.500	0	625.000	500.000	125.000	0780 451 964	Francis	M	Reg2
1473-01	JACKSON	disbursed	10	8	2018	10-Aug-18	22	300.000	7.500	flat	Trd	307.500	0	300.000	7.500	0	307.500	300.000	7.500	0775 921 756	Francis	M	Reg2

- **Printable** on **one sheet**, after **filtering** e.g. for LO's name, exp. amount > X, client regions

- Easy to understand key indicators - printable on one page for analysis of trends and decision of next strategic steps

Monthly indicators for loan & savings portfolio in																			
2018																			
Mnth	Members		Deposits				Outstanding Loans			Disbursements		Re-paymt rate	Arrears indicators						
	Num-ber	Grwth Rate	Balance Shares	No. > 0	Balance Savings + FDs	No. > 0	Bal FDs	No. > 0	Principal Original	Principal Outstanding	Num-ber		Loan Amount	No. loans	30-day PAR Amount	% of o/s	60-dy % of o/s	> 60-dy % of o/s	Total o/s in arrears
Dec	1.056		54.908.000	929	80.380.861	527	0	0	136.530.000	81.654.700	85	9.100.000	5		1.401.233	1,7%	3,2%	6,1%	8.984.242
Jan	1.057	0,1%	54.938.000	931	92.606.211	528	0	0	132.730.000	69.127.400	84	900.000	2	41,3%	1.176.736	1,7%	1,6%	8,3%	7.986.578
Feb	1.061	0,4%	55.288.000	935	119.580.461	534	0	0	122.630.000	62.105.750	77	3.000.000	1	27,8%	688.332	1,1%	3,6%	10,3%	9.326.397
Mar	1.063	0,2%	55.808.000	937	153.066.261	537	0	0	132.430.000	80.566.050	85	32.100.000	26	48,4%	658.434	0,8%	2,1%	8,0%	8.812.862
Apr	1.068	0,5%	56.108.000	941	140.185.561	543	0	0	139.530.000	82.262.350	87	12.900.000	8	49,5%	596.668	0,7%	2,6%	8,0%	9.316.703
May	1.072	0,4%	56.268.000	946	185.379.711	547	0	0	140.630.000	83.571.450	90	15.500.000	11	48,3%	1.736.573	2,1%	0,4%	9,5%	10.044.667
Jun	1.072	0,0%	56.548.000	946	148.004.211	548	0	0	137.430.000	81.211.200	89	12.600.000	6	55,8%	444.306	0,5%	0,5%	9,8%	8.742.230
Jul																			
Aug	1.072		56.548.000	946	148.004.211	548	0	0	137.430.000	81.211.200	89	0	0	0,0%	1.355.807	1,7%	0,8%	0,0%	1.973.707
Sep																			
Oct																			
Nov																			
Dec																			
Avg, Yr	1.068	0,4%	56.094.667	942	149.036.736	543			134.687.143	77.150.771	86	11.000.000	8		950.979	1,2%	1,6%	7,7%	8.029.021
Total, Yr												77.000.000	54						

Analysis of report, strategy to improve, action plan

- Growth rate of membership minimal, 10% non paid up shares
- ~ 50% dormant savings accounts, no Fixed Deposits yet
- Slow loan recovery: delayed loans move to higher arrears bands
- Only 16% of active savers have taken a loan

Actions, the governance organs want to initiate

- **Slice & dice** for all of the above issues **by LO & region**
- **Call** the respective members/borrowers; visit them **by region** if needed
 - Re-activate the dormant savers
 - Prepare for renewal of loans maturing next month
 - Check liquidity -> what are next month's expected repayments?
 - **Train** savers in **how to get** a viable **business idea**, appraise it, then offer a loan





EUROPEAN

MICROFINANCE WEEK 2018

Uganda Cooperative Alliance Advisory Service Centre's (UCASC) SLPMT is enthusiastically received by governance organs of SACCOs



Lead trainer, Fred Warom, presenting to Lira Urban Transporters SACCO in Lira, Ug



Dr. Birgit Galemann training at Mafubira SACCO in Jinja, Uganda

Common problems

- Governance and management organs **can't direct** the SACCO/MFI out of **lack of up to date regular reports** concerning the portfolios' **performance indicators**:
 - Portfolio At Risk by time bands
 - Recovery activities and results
 - Mobilization of new members and savings
 - Disbursements
 - Repayments

Advise

- Governance and management organs need to
 - a) agree on **strict procedures** and **processes** regarding the production of **up to date reporting** of these indicators
 - b) ensure that these reports can be produced with a **minimum expenditure of time** applying MIS or other means (Excel tools)
 - c) invest in **appropriate technology** so that these systems function properly any time

Common problems

- Policy guidelines & tasks defined by the board **aren't** observed by staff and
- Board doesn't **pro-actively**
 - ask for reports
 - to **study (!)** them



Advise

- **Supervisory Committee** needs to spot check on operations
 - Deficiencies need **continuous follow up** with **staff** and **board (!)**
 - and **HR** if needed



ACTION Plan

<i>Who</i>	<i>does What</i>	<i>by When?</i>
...
...