

GOVERNING MFIS EFFECTIVELY THROUGH ANALYSIS & STRATEGIC THINKING

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International Finance Development



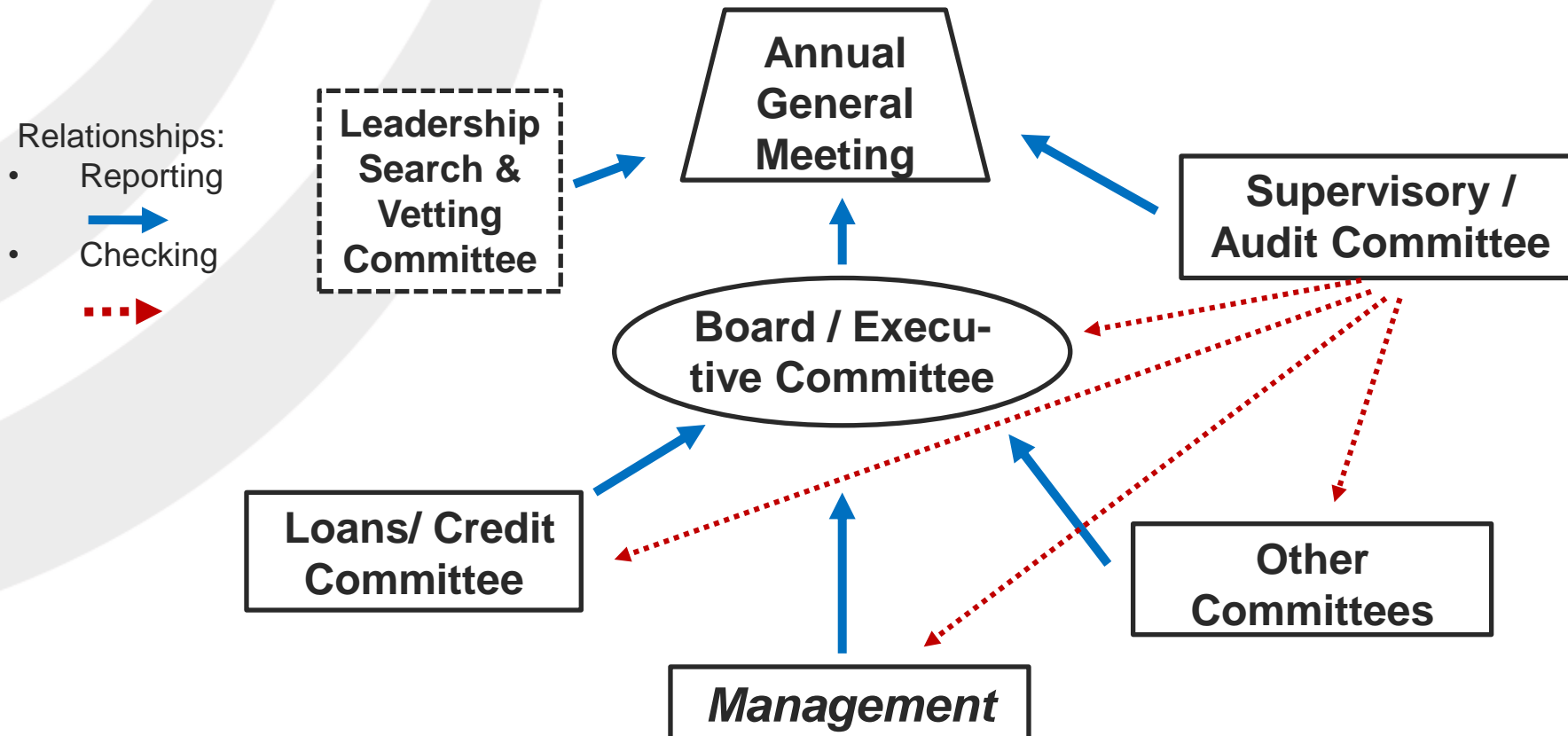
Uganda Co-operative Alliance



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			Mbr's Phone No.		LO's name or con		Mbr's Gen		Code for Are	
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	Penal-ties	Total	Principal	Interest	Mbr's Phone No.	LO's name or con	Mbr's Gen	Code for Are			
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>
...
...