

**Farmer to Farmer East Africa**

**Volunteer Assignment Scope of Work**

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| **Summary Information** |
| Country: | Uganda  |
| Assignment Code:  | UG37 |
| Country Project: | Oil Seed Crops Country Project |
| Host organization: | LORO-OYAM SACCO LTD  |
| Assignment title: | Development of accounting policies & procedures (*Reporting, Credit Management- Agricultural loan management, Budget preparation & product development*) |
| Type of Volunteer Assistance: | Financial Services (F) |
| Type of Value Chain Activity: | *Information and input support services (S)* |
| Preferred assignment dates: | April- May 2015 |
| Objective: | Standardize SACCO’s accounting and management procedures  |
| Desirable Volunteer Knowledge and Skills:  | Financial /banking specialist |

1. **BACKGROUND**

The Farmer-to-Farmer (F2F) East Africa program that leverages US expertise to assist smallholder farmers and small scale processors in East Africa to improve their business practices through volunteer assignments conducted with host organizations. Through F2F, CRS improves livelihoods and nutrition of significant numbers of low income households by: i) broadening participation in established commodity value chains as producers and service providers; ii) strengthening community resilience to shocks that adversely affect livelihoods; and iii) preserving/enhancing natural resources upon which most rural communities depend. CRS also increases the American public’s understanding of international development programs and fosters increased cross-cultural understanding between host countries and US volunteers.

Uganda considers oilseed crops as one of several strategic commodities to spearhead the transformation of the agriculture sector from subsistence to commercial farming. The government strategy is to increase production of raw materials including increasing the production of sunflower and groundnuts. Developing the oilseed crops subsector supports Uganda’s agriculture strategy, increases smallholder incomes and strengthens Uganda’s position among regional markets. Moreover, oilseed crops improve household nutrition in addition to being lucrative cash crops. The F2F Uganda oilseeds project target groundnut, soybean and sunflower value chains.

Recent data indicate that Uganda’s edible oil demand stands at 120,000 MT against a production capacity of 40,000 MT, resulting in a deficit of 80,000 MT annually. Uganda’s high edible oil demand is due to its varied usage throughout the country. Vegetable oil is not only used for domestic cooking, but also for commercial baking, the food service industry and the manufacture of detergents. Vegetable oil demand has continued to outstrip supply, forcing the country to rely on imports.

There are several constraints to oil seed crops value chain identified limiting the productivity and ability for smallholders to earn incomes from oil seed crops farming including lower producer knowledge of proper agronomic practices, limited accessibility to improved varieties of seed , high post-harvest losses, weak producer associations, deteriorating land resources, poor market linkages and credit access.

The biggest challenge facing the Loro-Oyam SACCO is how to operationalize their activities such as credit management, financial reporting, budget preparations and product development for efficiency and transparency. This was the basis for the host’s request for CRS F2F technical assistance in standardizing accounting policies and procedures.

**ISSUE DESCRIPTION:**

In Uganda, 38% of the population –ten million people – lives below the poverty line of about one dollar a day. Most of these people desire access to financial services, but require transactions that are too small to make them potential customers of Savings and Credit Cooperatives (SACCOs) or Micro Finance Institutions (MFIs). Financial institutions are faced with challenges of providing financial services to rural areas because the cost of providing financial services increases due to poor infrastructure development and lower population density. Also as the operating costs increase, the revenue that institutions can expect from each customer decreases because poor rural people save and borrow much smaller amounts than their richer urban counterparts.

“Although the incomes of the rural poor may be tiny and irregular, they need more money than they often have at their disposal. The need for “useful lump sums” arises from life-cycle events such as birth, education, marriage and death, emergencies including ill health, and from opportunities to invest in assets or commercial activities. The most reliable and sustainable way the poor can obtain “useful lump sum” resources is to build them from their own savings; savings-led financial services for the poor exist to help them do just that.” (Rutherford S. 2001). It has therefore become apparent that savings and credit are the best source of financial services, and perhaps the only sustainable solution for rural poor people. With savings and credit schemes, poor people receive accessible, low-cost, profitable, sustainable, safe, and transparent service, with nearly all of the interest retained in the groups/communities and paid back to members as a lump sum annually. Additional benefits include people being able to borrow on flexible terms and conditions. Perhaps most importantly is the social support network provided by saving and credit facilities within the community.

Loro-Oyam SACCO was registered in 2012 but officially started its operations in January 2013, initially starting with 33 members with a share value of Ushs. 20,000 with no savings and loans being offered to members. The SACCO operates with a shared vision of having a transformed community with access to proper nutrition, shelter, medical care, education, transportation and communication. The mission is to be the most efficient and effective financial service provider through deposit taking and loan provision. Since then, the SACCO has grown to a membership of 5,025, with 124 women and 342 men. Its other beneficiaries include nine Village Savings and Loan Associations (VSLA) that approach the SACCO for securing their savings and Schools That Save that bank with the SACCO. In order for the SACCO to serve its members with efficiency and transparency, financial records need to be streamlined and the staff need more training in accounting procedures, loan recovery tactics and other skills to make them better managers/leaders. Loro-Oyam SACCO is more than convinced that technical support in the area of reviewing accounting policies and procedures would go a long way in enhancing the management’s capacity in managing funds and accountability. This will enable group members increase investment in production and invest in other income generating activities as a diversification strategy and risk mitigation against crop failure.

1. **SPECIFIC OBJECTIVES OF THE ASSIGNMENT**

The main objective of this assignment is to empower Loro-Oyam SACCO staff and management in developing accounting policies and procedures in credit management, budget preparation, and financial reporting. This will enhance SACCO management’s capacity in managing funds and accountability. Specific activities for the volunteer will be to provide technical support in the areas of:

1. Review the financial records used by the organization and savings groups and propose suggestions for improvement.
2. Review Loan products in terms of loan purpose, eligibility for loans, maximum loan sizes, loan security (collaterals, interest rates, repayment periods and loan supervision (monitoring)
3. Review book keeping for the VSLA groups
4. Review and establish procedures for how to deal with defaulters and or rescheduling loans
5. Create awareness about the importance of building a group fund for VSLAs
6. Review budget preparation and financial reporting for SACCO and education institutions.
7. New product development skills

The volunteer will work with management staff and the board at SACCO level. At beneficiary level, the volunteer will work with VSLAs groups and education institutions that save with the SACCO.

**ANTICIPATED RESULTS FROM THE ASSIGNMENT**

The anticipated deliverables include:

* Trainings conducted and people trained
* Reviewed budgets and financial records for the SACCO and its beneficiaries (VSLAs & Education institutions).
* Debriefing with USAID and in country group presentations after assignment
* Field trip report and expense report
1. **SCHEDULE OF VOLUNTEER ACTIVITIES IN UGANDA**

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| Day | Activity |
| Day 1 | Travel from home to US international airport |
| Day 2 | Arrival at Uganda Entebbe Airport, picked by Airport shuttle to Kampala and check in at Hotel. |
| Day 3 | At 9.00 am, the volunteer is greeted at the hotel by CRS staff and thereafter proceed to CRS office for introductions and briefings including host brief, logistics and expectations and anticipated outcomes. Hand-outs will be prepared at CRS offices.  |
| Day 4 | Travel to Lira district to commence the assignment.  |
| Day 5 | In the morning CRS introduces the volunteer to Loro-Oyam management team. Together with CRS and the management, the volunteer will review and finalise the work-plan. The action plan should include group presentations to be done after the assignment. In the afternoon, visit some of the SACCO clientele. |
| Days 6-7 | Volunteer reviews SACCO’s financial documents.  |
| Days 8-12 | Volunteer works with the board and staff to share observations from the review of the documents and share proposed adjustments. The volunteer works with the staff to refine the documents  |
| Day 13-18 | Volunteer works with three groups of VSLAs each with 27 members in refining book keeping for savings and credit and create awareness on the importance of building a group fund. |
| Days 19-20 | Volunteer works with education institutions’ accountants in reviewing their financial records and budget preparations. The target audience is about 10 participants. |
| Day 21 | Wrap up with discussions of the recommendations and the final report with the host management and staff.  |
| Day 22 | Travel back to Kampala |
| Day 23 | Debriefing at CRS office with USAID Mission and CRS staff.Volunteer will finalize his/her reporting at CRS office.  |
| Day 24 | Depart for USA |
| TBD | Outreach event in the US |

1. **DESIRED VOLUNTEER QUALIFICATIONS**
* Demonstrated qualifications in banking and credit unions, preferably with a background in agriculture credit.
* Business development and management skills are also desirable.
* Experience in working with farmers and knowledge of group dynamics.
* Good writing and analytical skills, including good interpersonal communication
1. **ACCOMODATION AND OTHER IN-COUNTRY LOGISTICS**

In Kampala, the volunteer will stay at **Fairway Hotel & Spa** ([www.fairwayhotel.co.ug](http://www.fairwayhotel.co.ug)). In Lira, the volunteer will stay at **Margaritha Palace Hotel**. The hotel will have running water, electricity and Wi-Fi or an internet modem will be provided

CRS will pay for hotel accommodation, and provide volunteer with per diems to cater for meals and other incidentals. The volunteer may get an advance which has to be cleared before departing Uganda. For more information, please refer to country information that will be provided.

**Host contribution** – Loro-Oyam SACCO has committed to mobilize its board and staff, VSLA members and education institutions they serve to attend the trainings to be conducted by the volunteer. Personnel from the SACCO staff will be allocated to work closely with the volunteer, during the preparations and actual trainings, to ensure that key staff are trained and will continue training other staff and members even after the assignment is completed.

1. **RECOMMENDED ASSIGNMENT PREPARATION**
* The volunteer should prepare materials for hand out which can be printed at CRS office in Kampala before commencement of the assignment. Flip charts, markers, masking tapes can be obtained at CRS offices in case the volunteer wishes to make some illustrations. In this case the volunteer will be expected to prepare training materials and have hand-outs printed at CRS offices for distribution to the participants.
* CRS strongly recommends that the volunteer becomes familiar with the oil seed crops country project description prior to arrival in the country as well as country information that will be provided.
* Knowledge on agricultural financing in rural settings of developing countries is also advised.
* The volunteer should also bear in mind that the does everything thing manually with no computer
1. **KEY CONTACTS**

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| **CRS Baltimore** | **CRS EA Regional Office** |
| **Maria Figueroa**Volunteer Support CoordinatorEA Farmer to Farmer Program228 W. Lexington StreetBaltimore, MD 21201410-951-7366Email: maria.figueroa@crs.org | **Nyambura Theuri**Deputy Project DirectorEA Farmer to Farmer ProgramP.O. Box 49675 – 00100Nairobi, KenyaSt. Augustine Court Karuna Close RoadEmail: nyambura.theuri@crs.org |
| CRS Uganda |
| **George Ntibarikure**Project Director,Farmer to Farmer ProgramUgandaOffice Tel: +256 031 226 5658 Mobile cell phone +256 772 472 103 Email: George.ntibarikure@crs.org | **Elizabeth Pfifer**Country ManagerCRS UgandaOffice Tel: +256 031 226 5658Mobile cell phone +256 772 724 796Email: Elizabeth.pfifer@crs.org |

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