



USAID
FROM THE AMERICAN PEOPLE



Volunteer Name: David Krou

Country: Uganda

Country project: Oil Seed crops

Host: ACWEC OMIO Finance coop

Venue: CRS Office

**Audience: USAID staff, F2F team and a
volunteer (Ellen)**

Number of people : 4

Date: March 18, 2016



1. Accounting Policies and procedures

□ Purpose

- To serve as a road map that management and employees can follow to reach goal and objectives.
- To reflect the basic philosophy of management at ACWEC OMIO coop

1-2. Achievement of the assignment objectives

- ☐ A written document related to accounting policies and procedures has been finalized and submitted to ACWEC OMIO Finance cooperative management and board of directors.
- ☐ Objective achieved.

1-3. Recommendations to the host with regards to the assignment

- Each month, a loan delinquency report has to be prepared.
- Show the different categories of delinquent loan based on age.
- Determine the adequacy of allowance for loan loss account and make proper journal entries to reflect the correct Financial statements

1-4. Anticipated Impact

- Reliable financial reporting to management, board of directors and investors.

To develop loan Products

Philosophy of loan design

- Products have to be in line with customers needs and preferences.
- Products have to be diversified to reduce risks

Type of loan products

- Agricultural loan
- Business loan
- Community group loan
- Salary loan

2-1 Achievement of assignment objectives

- Four loan products were developed with flexible payment methods and grace period based on agricultural calendar .
- Objective achieved.

2-2 recommendations

- Community group loan or village banking has to apply to small farmers.
- The idea is based on collective responsibility, group empowerment and peer pressure.

2-3 Anticipated impact

- Increased probability to recover the loan within the weakest population of borrowers
- Reason: group empowerment, collective responsibility.

□ Risks

- Credit risk
- Liquidity risk
- Market risk
- Transaction risk

□ Challenges for farmers

- Unreliable climate conditions
- Pest and diseases
- Inadequate acreage
- Bumper harvest
- Price fluctuation

Loan portfolio management cont'

- ☐ Assessment of credit culture
- ☐ Loan approval process
- ☐ Portfolio segmentation and diversification
- ☐ Risk identification
- ☐ Monitoring

3-1 Achievement of Assignment objectives

- ☐ Various tools were given to loan officers, accountant and manager of ACWEC OMIO finance cooperative to successfully manage a loan Portfolio
- ☐ Objective achieved.

3-2 Recommendations

- ❑ 8 steps to follow before approving a loan
 1. Completing the application
 2. Interview and counseling
 3. Credit/ background investigation
 4. Credit assessment
 5. Loan evaluation and analysis
 6. Approval of loan by loan committee
 7. Loan documentation
 8. Loan release orientation

3-2 Recommendations cont'

- ☐ Education/ credit orientation/training
- ☐ Seasonality analysis and cash flow
- ☐ Application of Chain value finance in lending
- ☐ Farmers with diversified activities are the most suitable for loan. De-link crop loan from strict adherence to a particular harvest/production
- ☐ Partnering with other organizations for information sharing
- ☐ Intensive field based monitoring
- ☐ Crop insurance mandatory for farmer with large loan

3-3 Anticipated Impact

- ☐ Successful loan business operation
- ☐ Keep the PAR ratio at the standard minimum of 2-5%

4- Develop policies and procedure for loan collection

- ☐ Delinquency definition
- ☐ Collection system
- ☐ Loan restructuring: extension of terms

4-1 Achievement of assignment objectives

- A written policies and procedures documents was prepared and presented to the board of SACCO

4-2 Recommendations

- ☐ Establish a collection card to keep record of the evolvement of the process
- ☐ Personal visit to farmers in default
- ☐ Phone calls
- ☐ Always use a soft approach

4-3 Anticipated impact

- At least 80% loan over due would be recovered.

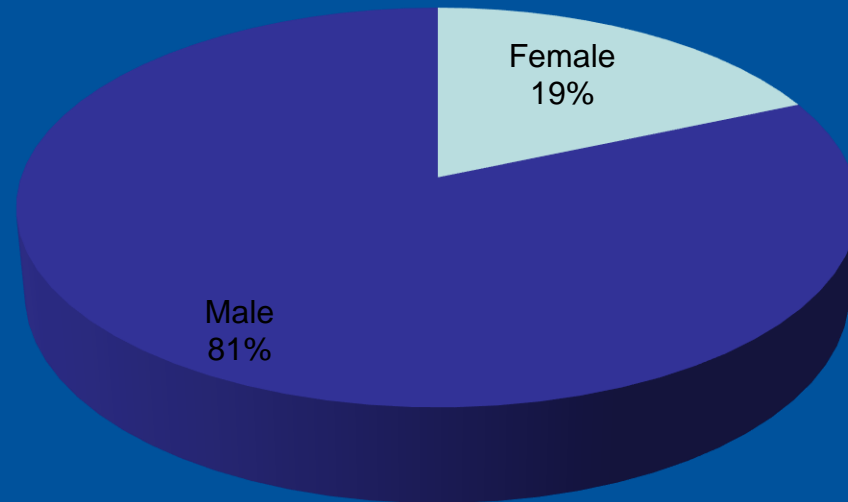
5 Develop a record keeping database

- Built an Access database for SACCO
- Organized data in Excel Spreadsheet.
Turn data into meaningful information

Organizing spreadsheet: Example of pivot table

Gender	Loan
F	94,000,000
M	412,850,000

Total



5-1 Achievement of objective

- In Excel, Designed many pivot table to organize data
- Use of conditional formatting in loan repayment model to keep track of default loan
- In Access, built a database for SACCO

5-2 Recommendations

- Use Microsoft Access database as a back up for Excel in case data get corrupt.
- Manually enter data in Access via designed forms.
- Go through the process to create a pivot table from time to time to keep the skills acquired.

5-3 Anticipated Impact

- More efficiency in data management.

5- Recommended future volunteer assistance

- None: nothing new compare to instructions I received from CRS before my assignment

6. Recommendations to other non-host stakeholders

- Any donation has to be preceded or immediately followed by technical assistance. This is valid for CRS also.
 - Reasons: When I was done with my workshop, the secretary of ACWEC OMIO said he wished they had this knowledge before their first loan activities which turned out to be a failure. He likes particularly the idea of crop insurance.

Action plan for host recommendations

Recommendation	Specific Action	Responsible person	By when
1. Credit orientation and training (education)	Weekly, invite group of farmers for workshop	Willy Okot, Manager	Starting first week of April 2016
2. Seasonality analysis and cash flow	For each crop loan perform seasonality analysis to determine cash flow period	Willy Okot	When lending starts: Mid April 2016
3. Chain value finance in lending	Use contract between manufacturer and farmer as a collateral for loan	Loan Officers and Willy Okot, Manager	When lending starts: Mid April 2016

Action plan for volunteer recommendations (Cont'd)

4. Partnering with other organizations for information sharing.	Locate partners, for information sharing. Ex: Uganda plan to modernize agriculture	Willy Okot, Manager	When lending starts: Mid April 2016
5. Farmers segmentation and rating	Prioritize farmers with diversified activities. They are more suitable for good loans	Loan officers and Willy Okot, Manager.	When lending starts: Mid April 2016
6. Mandatory crop insurance for big size loan	Verify Insurance in loan application	Loan officers and Willy Okot, Manager.	When lending starts: Mid April 2016

7. How can CRS improve future volunteer experience

- Any donation has to be immediately followed by technical assistance.
 - Reasons: When I was done with my workshop, the secretary of ACWEC OMIO said he wished they had this knowledge before their first low activities which turned out to be a failure.

Thank You!