

## Terms of Reference of Programme Coordinator

### 1. Introduction

Sana Kisan Bikas Laghubitta Bittiyasanstha Ltd. (SKBBL)- In English Small Farmer Development Microfinance Financial Institution was established on July 6, 2001, registered under the then Company Act. SKBBL has received license as "D" class national level wholesale lending microfinance institution from Nepal Rastra Bank (Central Bank of Nepal) in accordance with Bank and Financial Institution Act. SKBBL holds conviction that poverty can be alleviated by establishing sustainable institutions owned and managed by small farmers and poor people at local level rather than promoting conventional practices of microfinance institutions. The institutions managed by small farmers is called Small Farmers Agriculture Cooperatives (SFACLs). In partnership with SFACLs and other cooperatives, SKBBL is committed to improve the quality of life of the poor people and small farmers of Nepal.

Small Farmers Agriculture Cooperative (SFACL) is a community-based and small farmers managed cooperative dedicated towards alleviating rural poverty by providing affordable and easily accessible financial services to members. The targeted members of SFACLs are small Farmers and low-income people having traditional farming practices and dwelling in rural areas. In the SFACLs model, the targeted farmers are organized in a three-tiered organizational structure to ensure the strong networking between the small farmers, to create the powerful cohesiveness for collective bargaining and participation of the majority of the members in the decision-making process. In the three-tiered organizational structure, targeted farmers formed Small Farmer Groups (SFGs) with 5-12 members at the settlement level. Two or more SFGs form an inter-group (IG) at the cluster level and representatives of the inter-groups formed the Board of Directors (BoD) of the SFACL at the then Village Development Committee (VDC) level.

With the promulgation of constitution in 2015, Nepal has adopted federal system of three- tier government system, local, provincial, and federal government. In the new system two or more VDCs are merged to create municipalities at local level. It has affected the VDC level structure of SFACL. Therefore, the VDC based current structure of SFACLs should be reviewed to make it effective and applicable model to current context. The organizational structure and decision-making process and service delivery mechanism may also differ by volume of transaction, maturity, location, urbanization, types of members and same model may not be appropriate to address different contextual needs. In addition to this, many SFACLs has adopted good practices in the areas of targeting and serving to the poorest, offering innovative products and services, internal control and good governance, marketing of agriculture products of farmers, achieving financial sustainability and many other areas. Therefore, this scope of work for Programme Coordinator has been developed to study the practices of SFACLs to adopt in the context of current system of government and urbanization of rural areas, and good practices of SFACLs in promoting financial inclusion. More specifically the scope of work aims to:

- Study the assumed and potential functions of group, inter-group, and Board of Directors (BoD) and suggest for its effective functioning to make it appropriate and effective in the changing context
- Suggest the appropriate classifications (categories) of SFACLs to apply the different kinds of business model as accordance to their financial status, member base, business size, catchment area, demographic and geographic conditions, economic activities, maturity, managerial and HR strength etc.
- Examine the good practices adopted by the SFACLs and recommend procedures to apply it to other SFACLs
- Assess the barriers to expand outreach and business, adopt good practices and other aspects and recommend the way forward to restructure/strengthen SFACLs.
- Study the current practices of SFACLs to ensure good governance, internal control, excellency in members' services and recommend the future course of action
- Study the current record keeping system of SFACLs and recommend for its betterment

- Evaluate the relevance, validity and completeness of the grading indicators applied by SKBBL and recommend for its improvement.
- Recommend way forward to expand services of SKBBL and SFACLs to all 753 municipalities of Nepal

## **2. Scope of work for Programme Coordinator**

Reporting to DCEO program, Programme Coordinator will be responsible for:

### **2.1. Desk Review**

- Study the act, rules, policies, study reports, and other relevant documents of cooperatives sector
- Review bylaw, policies and studies related to SFACLs
- Review the relevant policies/progress/study reports prepared by SKBBL
- Review the progress, lessons learned, problems faced by the SKBBL and SFACLs to understand the prevailing issues
- Review the organizational structure of SFACLs, its appropriateness and practices adopted by SFACLs to adjust three-tier structure after restructuring of local level government (municipality, sub-metropolitan and metropolitan)
- Review of performance/practice/relevance of group and intergroup on financial and other services delivery
- Review of management information prepared by SFACLs its dissemination from BoD to members and list of information communicated with members in last fiscal year
- Review current indicators used to grade SFACLs, explore indicators to assess cooperatives and recommend new grading system
- Review literature on best practices of institutional development of cooperatives nationally and internationally
- Review Co-operative Act, Co-operative Rules, Model Co-operative Act to local Government and the circulars by Department of Co-operatives
- Review the present law regarding establishment of co-operative industries and trade
- Develop assessment tool/data collection sheet to capture issues identified during review process and other information such as:
  - i. Performance of group, inter-group, committee and sub-committees of SFACLs
  - ii. Number of staff, position, academic qualification, experience remuneration, and day to office management of SFACLs in comparison to business volume, geographical coverage and profit,
  - iii. Financial and non-financial services offer by SFACLs such as types of Loan and savings product, insurance or membership welfare services, and training and technical support, supply of agricultural inputs, processing and marketing of agriculture products
  - iv. Coordination and goodwill of SFACLs with local level government
  - v. Three-five years trend analysis of membership, loan, savings, borrowing and profit
  - vi. Financial and institutional analysis of SFACLs. applying ELEPHANTS tool
  - vi. Different policies applied by SFACLs
  - vii. Terms and conditions of lending institutions if cooperatives have borrowed funds from other institutions.

### **2.2. Field study of sampled SFACLs**

- Discuss assessment tool internally and incorporate the inputs
- Orientation, pre-test and finalize the assessment tool
- Select the SFACLs representing: (a) best performing and weak performing (b) adaptation of best practices (c) managed by women and mixed sex membership (d) geographical representation
- Visit Area Office (AO) team and get information of the selected cooperatives

- Visit the assigned SFACLs/cooperatives, study books of accounts, records, and other relevant documents, interact with the board and staff and collect information in line with check list
- Prepare the report of the field study including but not limited to (a) best practices of SFACLs (b) effective structure of SFACLs (c) SWOT matrix and restructuring action plan of weak performing SFACLs (d) Business expansion/ financial inclusion plan for SKBBL (e) grading system for SFACLs
- Present the draft report to the management of SKBBL and finalize report after incorporating the inputs
- Draft the action plan for institutional restructuring/strengthening of SFACLs

### **2.3. Restructuring/Strengthening of sampled SFACLs**

- Prepare action plan for institutional restructuring/strengthening of SFACLs and get approval from the management of SKBBL
- Assist SKBBL management to implement the SFACLs/cooperative strengthening/restructuring plan and monitor the progress
- Mobilize Business Promotion Officers (BPOs) to implement SFACLs restructuring/strengthening plan and monitor the progress
  - Prepare benchmark and cooperatives strengthening plan, and ask them to get approval from the board and submit to Area Office
  - Prepare work division and job descriptions of the board, staff and committee members of SFACLs and follow up the progress of the plan
  - Motivate board and members for their active participation in different activities of the cooperatives
  - Provide required training technical assistance to board and staff of cooperatives in the areas of cooperative management, good governance, financial education, financial analysis, portfolio management, business planning and others
  - Amend existing policies or formulate new policies of cooperatives as per requirement
  - Attend meeting organize by SKBBL to review the periodic progress or to discuss particular issues
  - Document the lessons learned and best practices in the areas of providing orientation in cooperative and financial education to members and potential members, training to board and staff, strengthening of cooperatives, business expansion, financial inclusion, internal control, good governance and other areas
- Monitor the progress of strengthening/restructuring of SFACLs and prepare the progress report
- Carry out any other task asked by SKBBL management

### **3. Working Procedure and prioritized task of Programme Coordinator during fiscal year 2078/79**

- Review the documents related to scope of works and prepare list of activities to be performed during fiscal year 2078-2079
- Present the list of activities to be performed during fiscal year 2078-2079 to the management team and prioritize them after incorporating inputs from the management team
- Prepare an inception report incorporating prioritize activities, and action plan
- Develop assessment tool/data collection sheet to capture issues identified during review process
- Conduct field study and submit draft report
- Finalize report after incorporating management inputs

### **4. Specific areas of Programme Coordinator Task**

- Weekly verbal reports to SKBBL and update the progress of the assignment
- Monthly written reporting highlighting major activities performed
- Institutional assessment tool
- Institutional assessment report of SFACLs recommending (a) restructuring/institutional strengthening of SFACLs (b) business expansion/ financial inclusion plan for SKBBL/SFACLs (c) best practices of SFACLs (d) grading system for SFACLs