



## **Job offer: Consultants for the elaboration of District SACCOs' business planning, financial forecasting, and budgeting for their licensing by the Central Bank**

### **1. Background**

German Sparkassenstiftung Eastern Africa is a German-based non-profit organization that is active in partnership projects in more than 50 countries worldwide. Among its key principles is the combination of local and international expertise to provide excellent technical advisory to its partner organizations. Among others, German Sparkassenstiftung works with the Ministry of Finance and Economic Planning (MINECOFIN). The partnership focusses mainly on the professionalization of the UMUNRENGE SACCO Sector. German Sparkassenstiftung's project activities are refinanced by the German Federal Ministry of Economic Cooperation and Development (BMZ).

### **2. Context**

As Rwanda strives towards establishing a knowledge-based economy and achieving its Vision 2050 goals, fostering innovative ICT based SMEs is a key pillar to achieve such ambitious goals. As part of Rwanda's long-term development plan, the ultimate aim of the Government of Rwanda is to transform the country into a high-income country and an economic trade, communication and financial hub by the year 2050.

Towards achieving this, a Saving and Credit Cooperative (SACCO) was established in each administrative sector (Umurenge), i.e., 416 UMURENGE SACCOs (U-SACCOs) nationwide. All U-SACCOs are licensed as financial institutions and regulated by the National Bank of Rwanda (BNR). Each U-SACCO is an independent legal entity, with an average of six (6) employees. Currently, the U-SACCOs serve about 3,000,000 members.

However, the ability of U-SACCOs to unfold their full potential is limited by a number of challenges including operations, management, capacity building, and accounting. One of the main challenges is the lack of an IT-based core banking system, preventing SACCOs from exploring new business areas. Negative effects of this challenge can be elaborated by below points:

- Slow/poor service delivery,
- Limited products and services available to customers,
- Members' inability to access services from other SACCOs (limitation of services to clearly defined geographical area),
- Exclusion from the national payments system,
- Limited access to the credit reference bureau (CRB),
- Increased risk of fraud,
- Reporting challenges and weak internal controls,
- High level of errors and inconsistencies in data impedes decision-making.

The limited scope of operation within the sector implies that most U-SACCOs lack the critical mass required for growth and financial viability. Automation and interconnection of U-SACCOs would lead to improvements in service delivery, reporting, and governance through harmonized internal procedures, standardized operations, operational systems, policies and practices as well as audits. U-SACCOs' interconnection would also improve financial capacity and reduce risks through pooled resources, widen the product range, and improve transparency.

To tackle these challenges, MINECOFIN runs a project for U-SACCOs' automation, consolidation, and the establishment of a Cooperative Bank. The expected results of U-SACCOs' consolidation will be the formation of District SACCOs (D-SACCOs) whereby all U-SACCOs of a district will be amalgamated into a D-SACCO. This nationwide merger of 416 U-SACCOs will result in 30 D-SACCOs, and each will have to apply for a license from BNR. The 30 licensed D-SACCOs will acquire shareholdings in the to-be-established Cooperative Bank along with other investors including non-financial cooperatives, a strategic investor and/or the Government.

In this respect, German Sparkassenstiftung intends to recruit three (3) strong individual consultants who will support the project in accompanying U-SACCOs in their consolidation/amalgamation into D-SACCOs and thereafter, prepare the business plan, financial forecasting, and budgeting for the amalgamated D-SACCOs and support D-SACCOs in their process of obtaining the registration certificate from Rwanda Cooperative Agency (RCA) and the licensing certificate from the BNR.

Microfinance institutions including SACCOs are subjected to the license provided by the Central Bank in compliance with article 9 of the Law No 40/2008 of 26/08/2008 establishing the organization of microfinance activities and article 6 of its implementing Regulation No 02/2009 on the organization of the microfinance activity.

### **3. Objective and scope of the mission**

#### **3.1 Objective of the mission**

Provide technical support to the UMURENGE SACCO Consolidation Project in collaboration with the German Sparkassenstiftung Eastern Africa and the Ministry of Finance and Economic Planning (MINECOFIN) with regard to business planning, financial forecasting, and budgeting; the key performance being the registration and the licensing of the amalgamated D-SACCO. This includes, in particular, the consolidation of cleaned data of U-SACCOs of each district, the

---

work on D-SACCO by-laws, business plan, financial forecasting and budgeting, the endorsement of key internal policies and procedures manuals aligned with the legal and regulatory framework in force.

Thus, the ultimate objective of the consultancy is an application file for licensing of each D-SACCO complying with all registration and licensing requirements submitted to and approved by the Rwanda Cooperative Agency and the Central Bank, respectively.

### 3.2 Scope of the mission

In general, the tasks listed below are expected from the consultants to be accomplished:

- Review the business plan concept note that has been worked out by the project team, provide input and agree on the approach to be used;
- Review the due diligence results of each U-SACCO of the assigned district as a basis for financial consolidation of U-SACCOs into D-SACCO;
- Consolidate cleaned U-SACCO financial data and information on district level (D-SACCO) as baseline for business planning;
- Design and conduct SACCO workshops and work out a specific D-SACCO business plan including the financial forecast for three (3) years and a first financial budget following the D-SACCO's structure as agreed upon in the project team (see details in appendix 1);
- Endorsement of D-SACCO basic texts including by-laws, internal policies, and procedure manuals deemed necessary for the new D-SACCO to be formed and for their respective registration and licensing applications;
- Submit the complete file complying with the regulatory requirements for the registration of cooperatives by RCA to the D-SACCO via the Project Management Team, and submit the validated version to RCA for approval (see appendix 2);
- Submit the complete application file for the licensing to the D-SACCO via the Project Management Team and the validated version to BNR for approval (see appendix 3);
- Work out the final report of the mission, including all supporting documents.

Each consultant will work on one D-SACCO.

Based on the performance of the consultants on the preparation of quality business planning and financial projections of D-SACCOs, the project may offer a separate assignment and contract to work on the Business planning and financial forecasting for the next D-SACCOs.

### 4. Deliverables

The minimum deliverables are the following:

- Provide technical support for U-SACCOs' consolidation into a D-SACCO and accompany the D-SACCO thus created in its registration and licensing process;
  - Present comprehensive District-specific three (3) years' business plan following the structure and content as outlined in appendix 1; validated by the Project Management Team and approved by representatives of the future D-SACCO;
  - A complete application file for registration and licensing of the D-SACCO to RCA (appendix 2) and to BNR (appendix 3) respectively;
  - Provide feedback and responses to comments, recommendations, or additional information from the BNR with regard to the D-SACCO application for license until the license certificate is issued for each applicant. In this regard, the concerned consultant will remain available for the monitoring of the registration and licensing application
-

from its submission date to the date of the registration and licensing certificate issuance.

## 5. Profile

For this consultancy, the project through the German Sparkassenstiftung is looking for consultants fulfilling the following profile:

- At least a bachelor's degree in finance, accounting, economics, business administration or any related fields;
- Professional certificate in related topics, e.g. Certified Public Accountant (CPA), Chartered Financial Analyst (CFA), Association of Chartered Certified Accountants (ACCA) will be an advantage;
- Experience of at least 5 years in the microfinance or banking sector at a senior position being involved in business planning, financial projections, and preparation of annual budget;
- Skills in elaborating a project, feasibility study, business planning and financial forecasts of MFIs or other financial institutions (to be justified by at least three names of banks/MFIs for which the consultant has developed business plans);
- Skills in facilitating workshops on the consolidation/amalgamation/merger of financial institutions including SACCOs;
- Experience in conducting due diligences or audits of financial institutions will be of advantage;
- Familiar with the Rwandan economic and financial sector context;
- Ability to communicate orally and in writing in English. Kinyarwanda and/or French are of advantage;
- Ready to conduct on-site work and workshops in Districts;
- Being full-time available for the working days to spend on this assignment.

## 6. Duration of the consultancy assignment

One consultancy assignment is meant to produce all results specified in Section 3.2 **per District**.

The duration for one consultancy assignment is maximum **30 full-time working days**. Those days can be spread over several weeks in order to be in line with the project progress, requirements and external factors (e.g., gazetting of Cooperative Law, due date for license application). The project team serves the right to fix the end date of the assignment.

In the technical offer, the candidate is asked to draft a **work plan** on how to assign these days to the expected results and deliverables.

## 7. Remuneration and payment terms

The amount of remuneration and the terms of payment will be specified in the contract for the provision of services.

The payment terms are listed below:

- An advance of 20%, upon request of the Consultant after signing the contract, against presentation of a bank guarantee covering the entire advance;
  - 60% once the application for license is accepted as complete by the Project Management Team and D-SACCO, is under analysis by BNR, and is waiting for approval (issuance of licensing certificate to the District SACCO);
-

- 20% upon presentation of the final report, corrected and approved by the Project Management Team and sanctioned by the issuance of the licensing certificate to the District SACCO.

## 8. How to apply

### 8.1 Submission of technical and financial offer

The consultants will submit a technical and financial offer. Due to the COVID-19 Pandemic, the consultant will submit his / her application package including a technical offer and a financial offer presented separately in two (2) soft copies:

**The 1<sup>st</sup> soft copy** will contain the technical offer consisting of the following elements:

- A letter of submission for the technical offer;
- A note on understanding the mission;
- A note on the work plan (chronogram) and the methodological approach;
- A first draft of a business plan section (max. two (2) word pages including visualizations)
- Indication of the forecasting tool to be used (please note: any related costs will be covered by the consultant);
- A detailed curriculum vitae including, among other things, the achievements in consulting in similar or specific fields;
- Proof of three (3) elaborated business plan of big MFIs/SACCOs, e.g. MFIs/SACCOs with at least a total asset of 1 billion Rwandan Francs and with at least 5 branches.

**The 2<sup>nd</sup> soft copy** will contain the financial offer composed of the following elements:

- A letter of submission for the financial offer;
- The consultant's fees based on the unit costs of person days taking into account the timing of the implementation of the mandate;
- If any, any other costs (to be detailed by the consultant).

The two soft copies will be sent to German Sparkassenstiftung Eastern Africa on the following email address: [application.eastafrica@sparkassenstiftung.de](mailto:application.eastafrica@sparkassenstiftung.de)

The filing deadline is **23. April 2021 at 2pm** local time.

Any offer received after the deadline will not be considered.

### 8.2 Method and criteria for evaluation of offers

The selection of candidates will be performed in two stages.

**Stage 1:** Stage 1 will be based on the quality of the technical offer and on the costs to be reflected in the financial offer.

The technical offer will be evaluated based the following criteria:

N°	Evaluation criteria	Marks
1	Understanding, work plan, and methodology	<u>40</u>

1.1	Understanding of the mission (understanding of the mission expressed in the own words of the consultant with possible improvement of the ToR)	10
1.2	A note on the work plan (chronogram) and the methodological approach;	10
1.3	Provide a first draft of a business plan section (max. 2 word pages including visualizations)	10
1.4	Recommended financial planning and forecasting tool to be used	10
2	<b>Qualification and experience of the consultant</b>	<b><u>60</u></b>
2.1	Qualification of the consultant	10
2.2	Experience of the consultant	50
	<b>Total</b>	<b><u>100</u></b>

**Note:**

- Threshold for the technical qualification: 70%.
- If a consultant is not qualified for the technical offer, the financial offer is returned without any analysis.
- The analysis of the financial offer will be conducted on the rate of pay per day (including miscellaneous costs) submitted.

**Stage 2:** In stage 2, a personal interview (physical or virtual depending on the COVID-19 measures) will be conducted. The consultant will be asked interview questions related to his/her experience in similar assignments and may be asked to demonstrate these skills in case studies.

## Appendix 1

The D-SACCO business plan shall follow the following structure:

### Structure District SACCO Business Plan

1. Executive Summary
2. Introduction
3. Corporate governance and strategy
  - 3.1 Legal form and shareholding structure
  - 3.2 Vision, mission and goals of D-SACCO
  - 3.3 Organizational structure
  - 3.4 Procedures
4. D-SACCO Macro-environmental analysis
  - 4.1 Analysis of political situation
  - 4.2 Analysis of economic factors
  - 4.3 Analysis of social factors
  - 4.4 Analysis of technological factors
  - 4.5 Analysis of legal factors
  - 4.6 Analysis of environmental factors
5. D-SACCO market analysis
  - 5.1 Target market and customers
  - 5.2 Competitive landscape analysis
  - 5.3 D-SACCO SWOT Analysis
6. Marketing strategy
  - 6.1 Product and service offering
  - 6.2 Pricing
  - 6.3 Place (distribution and sales channels)
  - 6.4 Promotion strategy
7. Action Plan
8. Financial Plan, Forecasting and Budgeting
9. Conclusion and outlook
- Appendices

Please note: A first draft of the content for chapter 3,4,5 and 6 has already been developed. This needs to be reviewed and updated by the consultant and enriched with District-specific content.

The business plan shall be worked out in a participative approach by conducting workshops involving the U-SACCO and D-SACCO staff and other stakeholders.



---

## Appendix 2

Applicants must submit complete registration documents to the Rwandan Cooperative Agency (RCA) complying with the requirements for registration and following the steps as stated below:

### Documents:

- Constituent general assembly resolution for each U-SACCO deciding on the consolidation by losing the legal personality;
- Constituent general assembly resolution for the formation of a District SACCO by amalgamation of U-SACCOs;
- List of cooperative leaders (board members, supervisory committee, credit committee);
- List of cooperative members;
- By-laws for the District SACCO;
- Internal policies and procedures manuals\*;
- Proof of payment for registration fees;
- Oath of leaders.

### Steps:

1. Cooperative applies for legal personality at sector level;
2. Sector Cooperative Officer (SCO) assesses the application and may decide to visit the cooperative. The sector has 7 days to approve the application;
3. Once approved, the application is moved to the district. The District Cooperative Officer (DCO) assesses (reviews) the application. If approved, provisional legal personality is issued. The district has 15 days to approve, request further information, or reject the application;
4. After district approval, the application is moved to RCA;
5. RCA requests approval from BNR for SACCO's application;
6. If RCA approves, legal personality is provided, otherwise the application is sent back for rectification. In case of rejection, comments might be provided.

Source: (<http://www.rca.gov.rw/shortcut/business-services/requirements-for-registering/#.YCvUA2gzY2x>)

Please note: This overview of registration requirement might be subject to changes issued by RCA.

\* Please note: A first draft of those internal regulations, policies and procedure manuals have already been developed and need to be validated by the hired consultants.



## Appendix 3

Applicants must submit complete licensing applications to the Governor of the Central Bank that include the following documents complying with article 9 in LAW N° 40/2008 OF 26/08/2008 ESTABLISHING THE ORGANISATION OF MICRO FINANCE ACTIVITIES and article 6 in REGULATION N° 02/2009 ON THE ORGANISATION OF MICROFINANCE ACTIVITY.:

1. An application for licensing, specifying in particular the purpose of the micro finance institution and its objectives;
2. A business plan that must include:
  - a) An action plan specifying the means used by the micro finance institution to achieve its objectives;
  - b) Pro forma statements for a minimum period of three years of activity after the licensing of the institution, including balance sheet and income statement;
  - c) Proof that the micro finance institution possesses net worth corresponding to at least 15% of its assets, according to the pro forma statements;
  - d) A manual of procedures that complies with the requirements of Article 28 and a credit policy manual\*;
3. Proof that the enterprise is a legal person in accordance with current laws;
4. A list of the persons who will be in charge of administration and management of the micro finance institution and their curriculum vitae with a copy of their police records;
5. Proof of payment of licensing fees of Rwf 50,000;
6. Proof of payment in a blocked account at the Central Bank of the minimum capital of Rwf 5 million for a third category micro finance institution that is legally constituted as a savings and credit cooperative;

Please note: This overview of license requirement might be subject to changes issued by BNR.

\* Please note: A first draft of those internal regulations, policies and procedure manuals have already been developed and need to be validated by the hired consultants.