

Solidarity Bankers Mission

– Terms of reference –

Strengthening of risk management framework

Location: Bishkek, Kirghizstan

Duration: 20 days-mission (10 days in the field)

Institution: Universal Credit MCC

Topic: Risk Management

CONTEXT

The inclusive finance sector aims at providing access to financial services to people excluded from the mainstream financial system, thus giving them the opportunity to finance their needs, in particular their income-generating activities. A recognised player in the sector, the Grameen Crédit Agricole Foundation works in countries where poverty and financial exclusion are the strongest. Investor, lender, technical assistance coordinator and Fund advisor, the Foundation finances and supports microfinance institutions, institutions and projects that promote inclusive finance and the development of rural economies. The Foundation currently supports 80 partners in 37 countries with a portfolio of over €90 million.

"Universal Credit" (formerly "Universal Finance & Credit") is a microfinance organisation established in the form of a limited liability company and operating in accordance with the legislation of the Kyrgyz Republic. It was established in 2006 by Zhyldyz Tagylyova and Ulan Keneshbek, two Kyrgyz individuals. It is registered as a Microcredit Company (MCC) and supervised by the National Bank of the Kyrgyz Republic (NBKR).

Universal Credit provides micro, SME, housing, consumer and agricultural loans under the individual methodology, to a clientele of 6,705 active clients (58% women and 58% in rural areas), managing a gross loan portfolio of € 6 million. The institution is operating in three regions out of seven (Chui, Issyk Kul, and Osh) and the 2 independent cities (Bishkek and Osh) through a network of 6 branches (12 offices) and 53 employees.

Universal Credit's mission is to contribute to improving the quality of life of the population of the Kyrgyz Republic, the development of private entrepreneurship and the promotion of "green technologies" by improving access to microfinance. The company is responsible for the impact of its activities on the society and the environment, through transparent and ethical business conduct. Its activities contribute to sustainable development, including the health and well-being of its customers.

OBJECTIVES OF THE MISSION

Sustainability of the organisation is key to Universal Credit's ability to achieve its vision and mission and continue to do so over the long-term. As such, the institution wished to improve its Risk Management processes to proactively identify any potential and significant risk to the organisation's existence.

The objectives and scope of the mission of the Solidarity Bankers listed below can be adjusted according to the profile of the expert and his / her recommendations on how to obtain the best results.

The Solidarity Banker will carry out the following actions:

ACTION 1: Assessment of the company's main risks and risk management framework, with a focus on operational risks

- Identify and analyse main risks, with a focus on the following operational risk categories:
 - i. Lending (risk assessment of potential losses, pricing)
 - ii. Human risks (i.e. errors, frauds, collection, animosity);
 - iii. Process risks (i.e. lack of clear procedures on operations such as disbursements, repayments, day-to-day matters, accounting, data recording and reporting, cash handling, auditing, monitoring);
 - iv. System and technology risks (i.e. software failure, computers, power failures);
 - v. Relationship risks (i.e. client dissatisfaction, dropouts, loss to competition, poor products);
 - vi. Asset loss and operational failure due to external events (i.e. loss of assets or work due to natural disasters, fires, robberies, thefts, riots, etc.).
- Assess the existing procedures, organizational structure and tools in terms of risk management and evaluate their efficiency;
- Identify gaps and areas of improvement to mitigate risks better, especially lending and operational risks;
- Share experience on the practices in place in the Crédit Agricole Group;
- Update the risk mapping accordingly, with a focus on operational risks/lending.

Deliverables:

- Diagnosis of the existing risk management procedures and tools, with a focus on operational risks, including:
 - i. A brief narrative document to share main lessons learned
 - ii. A risk mapping tool, with a focus on operational risks

ACTION 2: Design of a new risk management governance framework and action plan to identify and manage operational risks better.

- Determine an adapted organisational structure to develop the new risk management framework;
- Recommend tools and processes for a global and effective risk management framework, prioritised into a detailed implementation action plan;
- Develop new risk management tools.

Deliverables:

- A narrative document on the recommended organisational structure and the tools and processes to set up in priority.
- A detailed implementation action plan.
- New risk management tools, if applicable.

LOGISTICS AND CALENDAR

DURATION OF THE MISSION

- **20 days** distributed as follows:
 - Preparation: 5 days to prepare the mission
 - Mission: 10 days on the field.
 - Post-mission: 5 days to finalise the deliverables, spread over a two to three-week period following the end of the field mission
- **The mission can take place during the working time of the Solidarity Banker (skills sponsorship) AND/OR during the employee's vacation (skills volunteering). A mix of both solutions is also possible**

CALENDAR

- **SELECTION PROCESS**
 - Publication of the Terms of Reference
 - Selection of the volunteer by the Grameen Crédit Agricole Foundation. Candidates will be interviewed by the Foundation staff.
- **SIGNATURE OF THE AGREEMENT AND PREPARATION OF THE MISSION**
 - An agreement is signed between the beneficiary institution, the Solidarity Banker, the Foundation and the Solidarity Banker's employer.
- **PREPARATION OF THE MISSION**
 - Signature of the agreement and preparation of the mission (calls to be planned with the organisation, documents to be sent and read before the beginning of the mission). The mission is well prepared ahead of the field mission.
 - Preparation of the mission by the Solidarity Banker, Universal Credit and the Grameen Crédit Agricole Foundation. The selected candidate and Universal Credit's managers will discuss the terms of reference and adjust them together in order to best prepare the mission.
- **FIELD MISSION**
 - Field mission by the Solidarity Banker (10 days).

Please note that the dates of the field mission will be decided between the Solidarity Banker and Universal Credit to best suit their availability.

- **DELIVERABLES OF THE MISSION**
 - Sending of the mission deliverables by the Solidarity Banker within two to three weeks after the field mission, both to the beneficiary institution and the Grameen Credit Agricole Foundation.

LOGISTICS, MISSION COSTS AND INSURANCE

- The training prior to the mission, the logistical coordination of the mission and the plane tickets to Kirghizstan will be arranged by the Grameen Crédit Agricole Foundation.
- The Solidarity Banker is covered by the Group's insurance
- Accommodation, local transport and catering costs are borne by the beneficiary organisation during the field mission.
- All other expenses are the responsibility of the Solidarity Banker

LOCATION

- The field mission will take place mainly Bishkek, Kirghizstan. Travels outside Bishkek might be required to meet other Universal Credit's staff.

PROFILE OF THE EXPERT

- At least 5 years of experience in Risk Management
- Appetite for inclusive finance / sustainable finance, resulting in increased curiosity for the specificities of the sector and the desire to adapt banking standards to it
- Knowledge / experience in the microfinance sector
- Knowledge of the Kyrgyz environment/ context is a plus
- High proficiency in English is required. **Russian would be highly appreciated**
- Ability to listen to others
- To be a force for bringing forward proposals
- Pragmatic and rigorous
- Previous experience in technical assistance or advisory work in a developing country would be helpful

CONTACT

For more information on the [Solidarity Bankers Programme](#) or on the mission, please contact:

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