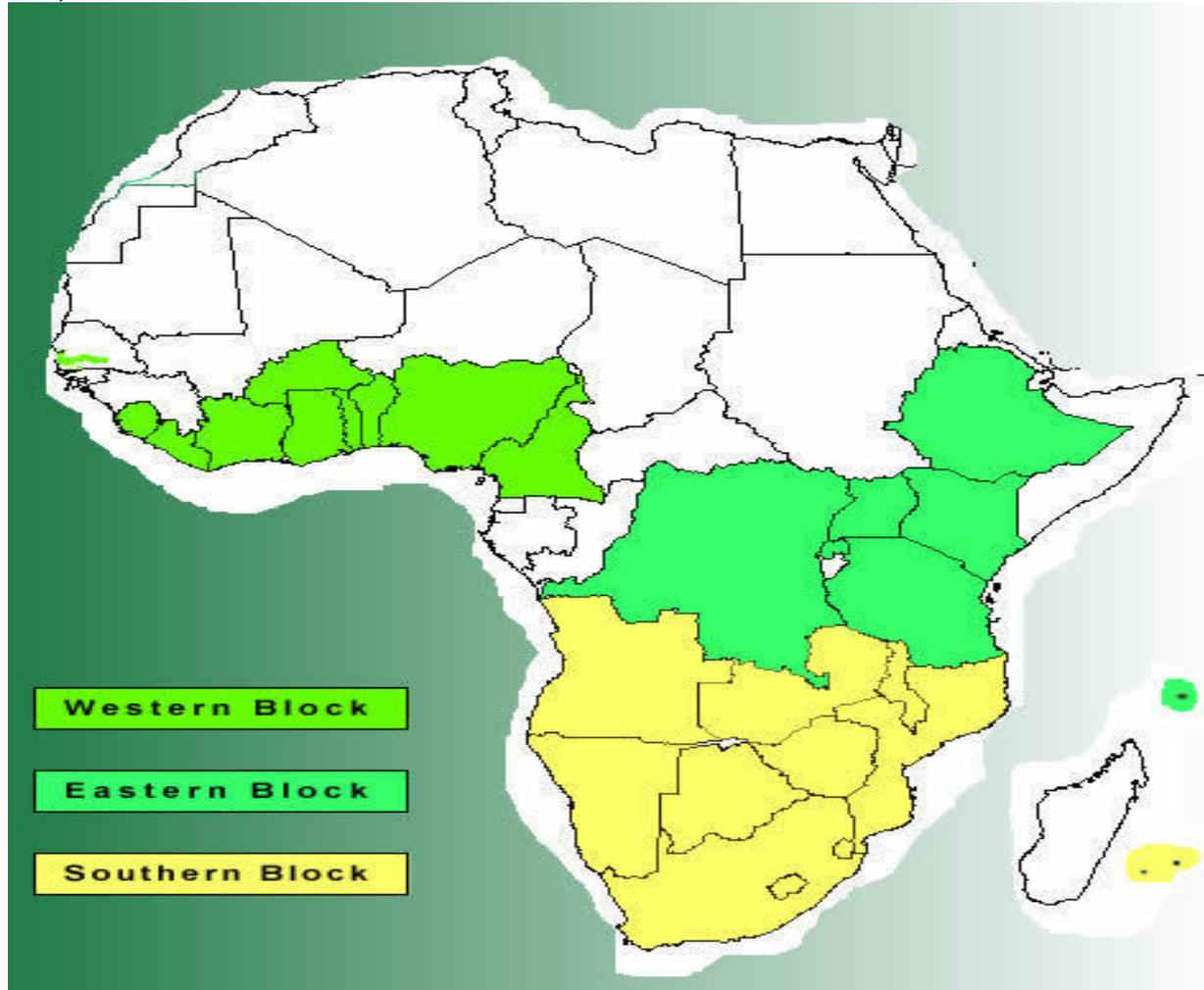




# ACCOSCA revival and the growth of Co-operative movement in Africa

Vol 1, Issue1



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Mr. Carilus Ademba

## **Executive Director's Message**

It is my pleasure to welcome you all to the ACCOSCA newsletter. The Secretariat has already been established in Nairobi to coordinate activities that would revive the growth of co-operatives

The Board firmly recognizes our critical responsibility for setting the direction of the Savings and Credit union system with the guidance of members. It is in this regard that a five year strategic plan (2009-14) was developed and first year business plan (2009/10) was extracted from the document. Implementation of the plan has already begun. The Board has taken this direction as an interpretation of the members' aspiration and response to challenges faced by credit unions in the continent.

It is important to note that the continent is facing numerous challenges which require coordinated approach when developing solutions. The Co-operative and Savings Union have a critical role in improving the continents standard of living.

ACCOSCA, with members support, aims to provide leadership on co-operative agendas within the continent. Through partnerships, we will promote establishment of new national umbrella bodies and co-operative acts in respective countries.

Looking forward, we aim to accelerate ACCOSCA growth, improve competitiveness of credit unions in Africa, ensure sustainability of ACCOSCA as a Regional Credit union's organization and maintain financial independence

In partnership with members, we will work hard to successfully leverage our core strengths to create sustainable growth for credit unions in Africa. In year one (2009/10), we focus on network building and opening up of communication channels. We have started by investing on information technology to ensure that data about co-operatives unions are readily available to stakeholders.

To remain relevant in today's competitive environment, we will focus on our core values when building old and new relationship with long-term partners. For us to be successful we will promote sustainable and viable initiatives that ensure we maintain a healthy internal capital base. This would ensure continuity of our service to SACCO's with little or no interruptions.

Lastly, we need support from members in promoting activities of co-operatives that would eventually attract non-members to get involved. Execution of the strategic paper would require more contribution and creativity from all the three regional blocks.

We thank the members for the initiative to revive ACCOSCA and to recognize that it is the only route to empower African People.

Yours Sincerely

Executive Director  
Mr. Carilus Ademba





**Board of Directors  
Chairman**



Mr. Fidelis Kimutai

**East Block Directors**



Mr. Carilus Ademba

**South Block Directors**



Mr. Patson Ngwevela

**West Block Directors**



Mr. Bless Kwame



Mr. Peter Weikhe



Mr. Bleke Mabosa



Mr. Baboucar Jeng

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**Management Team  
Executive Director**



Mr. Carilus Ademba

**Liasion Officer/P/A to CEO**



Betty Adhaya

**Head of Programs**



Joan Atuhura

**Regional Project Consultant**



George Ombado





## Why revitalization of co-operative initiatives by ACCOSCA need support?

*By George Yashon Ombado*

**P**rovision of microfinance is an important component of any effort to improve the livelihoods of the poor in any society. Establishment of Savings and Credit unions (SACCOs); therefore, has an enormous potential to improve the social-economic activities for inhabitants in developing countries.

In the recent times, Africa has seen a steady economic growth rate despite exposure to numerous risks posed both with-in and outside the continent. There is no doubt over the need for the continent to support effective and efficient initiatives that are well coordinated.

The latest reports from United Nations Report (2008) and Africa Development Bank (2009) depicted a steady economic development growth rate in most countries. However, the global economic meltdown poses a huge challenge affecting global commodity demand, Prices and high oil prices which according to OECD (Organization for Economic Cooperation and Development) will eventually cut Africa economic growth by 50%

This shows the continent's vulnerability to the external forces. Notwithstanding, Africa share less than two percent of global trade, a gloom global economic outlook would surely adversely affect her governments' scope of social-economic intervention.

It is in this respect that a well coordinated approach would enable Africa build strategies that yield sustainable solution to her challenges

ACCOSCA (Africa Confederation of Cooperative Savings and Credit Associations) as a Regional umbrella body comes in handy as a sustainable agent for development.

It is possible to set co-operative development agenda for Africa in this time of economic crisis. All stakeholders genuinely interested in making the continent a better place ought to support its revitalization program. Through ACCOSCA and National umbrella bodies, Credit and saving unions will be able to improve the livelihood of Africans.

Initiatives aimed at supporting co-operative movements are bound to have a positive impact on targeted community groups; especially if previous mismanagement either by design or by error are checked or corrected. This body provides a monitoring mechanism which will enable Africa achieve meaningful results in poverty reduction, standard of living and ultimately lays a foundation for Africans better future.

**T**his achievement will be possible if good governance is observed, accountability is promoted, sustainable projects are encouraged, and more people are mentored to be leaders thus avoid leadership vacuum and finally improving management capacity.

The organization quasi governance role would be to ensure SACCO's all over the continent adopt an inclusive approach based on democratic process, legitimate representation and





participation: engaging with organization that pro-actively responds to challenges faced by co-operatives movement and account for resource utilization

The system already set with-in ACCOSCA provides a platform as regional umbrella body to enable Africa forge ahead in development related issues in a unified and participatory approach manner. In this scenario, Africa as a continent will provide direction on issues adversely affecting the continent through SACCO's movement.

The responsibility to perform needs and impact assessment would therefore belong to the continent; Africa must not neglect her responsibility of improving socio-economic indicators to Donor.

*A*CCOSCA provides an opportunity to draft

and implement Africa cooperative agenda in an organized manner; thus giving the continent an engine to spearhead and provide leadership in issues affecting the continent without necessarily depending on donor support.

More importantly ACCOSCA's has the potential to strengthen Organization systems and capacity with-in SACCO'S in the continent. This will lead to sustainable and well run credit and saving unions; a situation that has previously been wanting.

The associations' ultimate goal would be to empower Africans and contribute towards actions highlighted in various Poverty reduction strategic papers; by providing practical solutions for the growth of credit and competitiveness of unions in Africa

ACCOSCA'S counterpart in Asia (AACCU) has successfully improved the image of co-operatives in a unified and co-coordinated manner. Their model acts as an eye opener to Africa. Their success story is a testimony of the positive impact a well coordinated SACCO's continental body can have on the populace.

*L*essons to learn from Asia are encouraging;

the organization will improve on evaluation skills that are instrumental in contextualized capacity building and strengthening institution through various programs. This will allow Africa to initiate her own learning and innovation process, which will be backed-up and complemented by donor initiatives with the necessary empirically based constructive criticism. ACCOSCA can cultivate accountability with-in SACCO's by informing them on what to expect from Stakeholders.

This provides an avenue to create policies, standards and benchmarks for services that can be comprehended and implemented by senior management; monitoring and evaluation capability by the beneficiaries will be enhanced through this system set-up

The association interest in developing performance score card to be used at the highest level should not go unnoticed. High performing organizations have managed to maintain the tempo due to availability of measuring tools assess to senior management. These will no doubt, make the board of directors take responsibility for their actions.

The benefits of engaging with ACCOSCA are therefore clear to Africans and her partners. Supporting the association in whatever form will





contribute in provision of African problem solution. ACCOSCA revitalization program has focused more on developing communities through co-operative initiatives that are sustainable and have a long-term influence to the society. It recognizes that SACCO's can implement outreach programs design by ACCOSCA such that it reaches a larger populous needing empowerment

**L**astly, ACCOSCA arguably provides the best options to drive co-operative agenda with-in the continent. An increase in membership alone will

not sustain the organization growth hence establishment of new joint initiative with like minded partners will be necessary. This requires well structured approach, cross cutting various areas of economics development.

Support in this context is a relative term that can be used interchangeable to mean financial engagement, Collaboration and partnership, technical assistance, New Membership etc

## Regulating and drafting rules for co-operative banks is an effective way to Strengthen co-operative movement: South Africa Highlight

**By Patson Ngwevela**

The South African National Treasury has gazetted regulations governing co-operative banks in South Africa. These regulations have been promulgated in terms of the Co-operative Banks Act of 2007. This is a new legislation that has been set up to govern Savings and Credit Co-operatives in South Africa.

This Co-operative Banks Act hopes to promote access to financial services to all South Africans, especially the poor, unbanked, and to the previously excluded South Africans, by establishing a regulatory framework and development institution for co-operative banks.

To that end, a Co-operatives Banks Development Agency was formed to do a regulatory and development function to all financial services co-operatives in the country. It is worth mentioning that Mr David de Jong who was the CEO for the Savings and Credit Co-operative League of

South Africa was appointed to be the Supervisor of co-operative Banks.

The Act also requires existing financial co-operatives meeting a set criteria (i.e. it is a secondary deposit taking financial co-operative or a primary co-operative which has 200 or more members and holds deposits of members to the value of at least R1 million, and is currently exempt from the provisions of the Banks Act), to apply for registration as a co-operative bank by 31 July 2009.

The regulations gazetted provide the framework for co-operative banks and prescribe the types of investments which these banks are allowed to invest in on behalf of their members. Draft Combined Rules have also been published for public comment. These rules describe the forms needed to register, and the manner and period in which these forms should be submitted.





A co-operative bank is a group of people voluntarily united to meet their common banking needs through a jointly and democratically owned and controlled financial institution.

This institution offers its members a comprehensive range of financial products and services such as savings, loans and transmission facilities, while upholding collective entrepreneurship and contributing to the development of communities.

**National Umbrella Body Column**

**Current Status of Uganda Co-operatives Savings and Credit Union Limited**

*By Wilson Kabanda*



*Mr. Peter Werikhe  
Chairman UCSCU*

Uganda Co-operatives Savings and Credit Union limited (UCSCU) is the national apex organization for Savings and Credit Co-operatives Societies (SACCOS) in Uganda. It is registered under the Uganda Co-operative Societies Statute 1991 and the Uganda Co-operative Regulations 1992. Consistent with the statute, internally UCSCU has it's registered by-laws and operating policies and procedures

It is worth mentioning that South Africa was the first country in Africa to have a SACCO specific legislation and Kenya followed immediately after and Malawi is still on the process. This was a big achievement and other fellow co-operators are encouraged to consider going that route.

**Vision and Mission Statements**

To be a Sustainable institution for All SACCOs in Uganda and respectively, to be a sustainable SACCO-owned institution that offers demand-driven quality financial services to SACCOs for their Growth and Profitability.

**Organization Structure and Operation**

UCSCA is formed, finance, owned and controlled by savings and credit co-operative societies (SACCOs). The SACCO's elect a Board of directors, which formulates policies. The Board of UCSCU then hires management for the day-to-day operations. The AGM also elect a supervisory Committee which works as the internal audit committee or watchdog for UCSCU.

The supervisory committee checks both the board and management to ensure that they are running the union well and in the best interest of the SACCO's. UCSCU has a board of 5





members and has a full time technical and administrative management and staff who are supported by various consultants outsourced as when need arises.

UCSCU has set up regional offices in Northern (Gulu), Eastern (Mbale), Western (Mbarara), Central (Wakiso), West-Nile (Arua), North-Eastern (Soroti), South-Western (Kabale), Mid-Western (Kabarole), Lake Victoria Basin (Masaka), Busoga (Iganga) Masindi and Luwero. Other offices to be established include Teso, Karamojacts

UCSCU's work covers the whole country, with over 644,318 people working together in over 1,513 SACCOs according to July 2008 statistics. The target is to have a lead SACCO per Sub County in Uganda by the end of year 2010.

**Mandate of UCSCU**

UCSCU fosters the organization and development of SACCOs in Uganda and improves their internal operations. In particular the Union:

- Causes the organization and development of SACCOs in Uganda.
- Promotes sponsors and develops educational and training programs to educate SACCOs in the proper methods, procedures and principles of safe and sound operations.
- Promotes publicity and public relations activities as may be required to inform, influence, maintain and broaden community awareness and public understanding of the importance of SACCO services and benefits.
- Promotes and act for the savings and credit cooperative movement by advocating for Legislation required for

preservation and improvement of savings and credit cooperatives in the country.

- Designs and offers to its member's financial management programs on competitive terms.
- Provides an international link with other world bodies having similar objectives.
- Engages in research and development and supply related information as required by its members.

Services of UCSCU to SACCO's and Communities

- a) Capacity Building and Training
- b) Technical Services
- c) Marketing
- d) Representation
- e) Advocacy
- f) Information Management
- g) Networking
- h) Guiding formation of SACCOs



*Mr. Peter Werikhe takes Hon. Serapio Rukundo (Minister of State for Tourism) through what UCSCU does*

Partnerships and Linkages

- Government of Uganda





- Africa Confederation of Co-operative Savings and Credit Associations (ACCOSA)
- World Council of Credit Unions Inc. (WOCCU)
- The Canadian Cooperative Association (CCA)
- Association of Microfinance Institution in Uganda (AMFIU)
- The Uganda Cooperative Alliance
- District Commercial Officers
- National Agriculture Advisory Services (NAADS)
- Post Bank Uganda (PBU)
- The Micro Finance Support Centre (MSC)

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## “Sustainability & Viability of Credit Unions in Ghana”

By Emanuel Darko

It is important to develop programmes in co-operatives that would ensure and promote sustainability. These approaches enable the organisation to effectively operate even with enormous challenges they face.

In Ghana, co-operative continental agenda is spear headed by The Ghana Co-operative Credit Unions Association, CUA Ltd which was

established in 1968 as the apex body of the Credit Union Movement in Ghana.

It has initiated the following programmes:

- **The Central Finance Facility**

The CFF has registered a rapid growth in recent years due to innovations introduced into its operations. By a resolution, every credit union is required to invest a minimum of 5% of its total assets as at June of every year in the CFF





account. Credit unions are also required to lodge their Statutory Reserve Fund which is 25% of the annual net income into the CFF. Loans are granted from the facility to member societies for on-lending to their members.

- **CUA Risk Management Programme**

The partnership between CUA and Unique Insurance Company ensure that all credit unions members' loans and savings are insured against death or disability of a member. Loans and savings are insured to the value of GHC10,000 and GHC5,000 respectively. Beneficiaries also are entitled to some benefits from the savings policy. With the credit unions, the borrower dies with his or her loan.

- **Pension Scheme**

CUA has introduced the Co-operative Credit Union Pension Plan for its employees as a supplement to the Social Security and National Insurance Trust (SSNIT) Pension Scheme. This is to increase the confidence of employees in their employment with CUA and credit unions, reduce staff turnover and provide them with job security.

- **Computerization:**

Considering the annual growth rate in membership, shares, savings and loans portfolios of the primary societies in the country, it has become necessary for most of the Credit Unions (CU) to be computerized. CUA in partnership with the International Finance Corporation (IFC) supported by German Technical Cooperation (GTZ) and United National Development Project (UNDP), has developed software that is being used by a number of credit unions.

- **School Savings Clubs**

CUA has introduced school savings clubs in twenty one second cycle schools/ institutions as a way of inculcating the savings habit in the

youth before they enter into their working life. Another reason is to involve the youth as a way of sustaining the credit union concept in the years ahead.

- **Deposit Guarantee Scheme**

In order to safeguard members' deposits and also uphold the image of the Credit Union system, CUA is in the process of establishing a National Deposit Guarantee Scheme to protect the Credit Union system and members' deposits against credit union collapse. CUA has since 1998 created a stabilization fund, which will eventually guarantee the deposits of members of credit unions. The Deposit Guarantee Scheme is expected to start full operations in the year 2011. Meanwhile every credit union is required to pay .015% of its accumulated savings as at June every year to the fund.

- **HIV/AIDS Awareness Campaign**

With the financial support from CIDA through the Canadian Co-operative Association, HIV/AIDS Awareness and Sensitisation Programmes are being organized in rural communities, workplaces, institutions as well as various churches, primary and secondary schools where credit unions are located.

- **CUA Self-Sufficiency**

CUA committed itself to being totally self-sufficient. At the end of the Ghana Credit Union Development Assistance Programme in March 2001, CUA had achieved 104% self sufficiency on core cost and 62.4% on overall cost. It became a challenge for CUA to be able to cover all cost and operate on a sustainable basis. The Board and Management developed strategies on how CUA could generate income to achieve its goal of self-sufficiency. The CUA self-sufficiency programmes have been on course.





Currently CUA is developing new initiatives that focus on the co-operative regional body development agenda for Africa

This new initiatives are

- I. Development of a Training Centre for Credit Unions
- II. Home Banking Scheme
- III. Micro-finance for the active poor
  - [Training Centre for Credit Unions](#)

The leadership of the Credit Union Movement has realized that most of the training programmes that are organized for members are carried out in private training institutions and or hotels. Over the last six years, training centres and hotels that provided training facilities have increased their charges more than ten fold. This is posing a big challenge to small and newly established rural community credit unions. They simply cannot afford to pay for the cost of training of their members.

A proposal was made to develop a training centre for the credit union Movement. Work is far advanced on the Credit Union Training Centre at Kasoa. The project is expected to be completed in December 2009.

- [The Home Banking Scheme](#)

This is a new product being introduced by CUA. The new scheme is based on the fact that the poor are yearning to save small monies on daily basis but the minimum savings requirements by the formal financial institutions prohibit them from achieving that objective.

*Objectives*

- To encourage the urban and rural poor to have access to a convenient depository facility that would accept any form of savings for long-term purposes.
- To support the vulnerable and less fortunate people in society to have a

purpose in life through savings and loans services.

- To use membership education to make members contribute towards their own development.

Under the new scheme a micro saving box (metal) has developed for members who operate small scale businesses to carry home and drop their daily savings in them according to the amount they can afford.

The metal box will have two keys, an ordinary and a master key. The ordinary key is kept by the member while the master key is kept by personnel of the Credit Union so that the member alone will not have access to the funds. At the end of the month, the client would carry the box to the credit union office to be opened, the amount checked, receipt issued and the total amount credited to the member's accounts or as may be agreed upon by the parties.

This scheme though at its pilot stage, has assisted participating credit unions to increase savings and reduce loan delinquency especially in rural community credit unions.

- [Micro Finance for the Active Poor](#)

The Ghana Co-Operative Credit Union Association (CUA) Ltd, has initiated a new financial service, the Micro Finance Credit Facility, an innovative methodology to provide financial support for relatively poor members of rural community credit unions especially women who are unable to access loans from their credit unions due to their low savings and lack of collateral security. Credit unions demand compulsory savings against which loans are granted, but this has not helped the poor whose savings might be too small to serve this purpose.





The new product is meant to address the peculiar needs of these people.

All the mentioned initiatives are design to promote co-operative movement in a sustainable manner

*Emanuel Darko is the Current General Manager of the Ghana Co-operative Credit Union Association (CUA)*

### **Information**

Articles covering issues affecting Co-operative movement across the continent can be sent to [Betty.adhaya@accosca.org](mailto:Betty.adhaya@accosca.org)

Any general queries should be forwarded to [info@accosca.org](mailto:info@accosca.org)

### **Co-operative Column**

Next Month (September 2009) Co-operative column will cover **The Gambia**

