

THE 12TH SACCA CONGRESS REPORT

2-5 OCTOBER 2011, ACCRA GHANA

“Empowering Africa through Financial Inclusion model
of SACCOs”



Organised by African Confederation of Co-operative Savings and Credit Associations (ACCOSCA) and Hosted By Co-operative Union Association of Ghana(CUA) In Collobration with the Government of Republic of Ghana and Canadian Co-operative Associations (CCA)

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List of Acronyms

ACCOSCA	:	African Confederation of Cooperative Savings and Credit Associations
AGM	:	Annual General Meeting
BOSCCA	:	Botswana Savings and Credit Cooperative Association
BOD	:	Board of Director
CBDA	:	Co-operative Banks for Development Agency South Africa
CCA	:	Canadian Co-operative Association
CUA	:	Cooperative Credit Union Association of Ghana
ICA	:	International Co-operative Alliance
ICT	:	Information and Communications Technology
IYC	:	International Year of Cooperatives
KUSCCO	:	Kenya Union of Savings & Credit Co-operative
SACCA	:	Savings and Credit Co- operative Association Africa Congress
SACCO	:	Savings and Credit Cooperative Organisation
SACCOL	:	Savings and Credit Co-operative League of South Africa Limited
SASSCO	:	Swaziland Association of Savings and & Credit Co-operative
SASRA	:	SACCO Societies Regulatory Authority - Kenya
SACCA	:	Saving and Credit Co-operative Association of Africa
SCU	:	Seychelles Credit Union
MASCOLE	:	Mauritius Cooperative Saving and Credit League
NACCUG	:	National Association of Cooperative Credit Unions in Gambia
NACSCUZ	:	National Association of Co-operative Savings and Credit Unions Zimbabwe
UCSCU	:	Uganda Co-operative Saving and Credit Union
WOCCU	:	World Council of Credit Unions

Executive Summary

The Annual Savings and Credit Co-operatives of Africa (SACCA) Congress usually brings at least 300 stakeholders within co-operative movement across Africa to deliberate issues affecting the sector. This year's event focused on deliberating issues that can potentially increase saving mobilisation in the continent and engage with other stakeholders in transforming available resources to meaningful and sustainable economic empowerment.

Previous events were mainly being planned and organized by the world council of credit unions (WOCCU). The last event was held in Swaziland where Ghana accepted their nomination to host the 12th SACCA Congress. This event acted as a spring board of the International Year of Cooperatives (IYC) 2012 initiatives. It is in this regard that the theme "Empowering Africa through Financial Inclusion model of SACCOs" was chosen. This enabled the participants to discuss the role SACCOs play in providing financial services to the community. The sessions were designed in manner that they would encourage participants to have both a reflective and futuristic outlook that stimulates networking and collegiality.

The objectives of this congress were to;

- Highlight the role played by co-operatives, as mitigating agents to challenges affecting achievement of MDGs
- Bring the sectors stakeholders to have a common bond that leads to social, economical and political empowerment in the continent
- Promote effective governance structures with-in the sector through regulatory framework as a multiplier effect on the continents development agenda
- Encourage sustainable development of co-operative sector by engaging the youth and narrowing the gender disparity

There were three breakout sessions where the following topical issues were deliberated:

1. Enhancing SACCO growth through Financial Management decisions
2. Making SACCOs work better for women in Africa
3. The real prosperity of nations in Africa: encouraging resource mobilisations via savings

The panel discussion focussed on the two main topical issues currently affecting the sector

1. Governance and SACCO Legislative Framework development
2. Understanding and Mitigating effects of HIV/Aids

Acknowledgment

The secretariat office wishes to thank the following for taking an activate role in the 12th SACCA Congress

- I. Hon. Joseph Nyagah: Chairman of Africa Ministers in Charge of Co-operatives (Kenya)
- II. Hon. E. T. Mensah: Minister of Employment and Social Welfare –Ghana
- III. Dr.Esther Offei – Aboagye: Director of the Institute of Local Government Studies (ILGS)- Ghana.
- IV. The CUA Board and Management for mobilising local participants
- V. Ghana Police Department and Prison Band- Ghana for providing logistical support
- VI. Commissioners and Registrars of Co-operatives in Africa for involving their countries to the event
- VII. Our Partners: World council of credit unions (WOCCU), Canadian Co-operative Associations (CCA), International Co-operative Alliance (ICA) for gracing the function
- VIII. Ghana TV station for creating public awareness about the event and the role of Co-operatives
- IX. The organising committees for working tirelessly to ensure success of the event

Messages

CUA Chairman's: Cyprian K. A. Basing

The Chairman welcomed the delegates on behalf of the Ghana Co-operative Credit Unions Association Board of Directors, Credit Union Members, the Staff and people of Ghana. He was pleased that the meeting had managed to exceed the expected participation number of 350 as previously held in Swaziland.

He further called upon participants to use this rare opportunity to share experiences and ideas with each other in such a way that the ideologies and philosophy of Credit Unions / SACCO'S in Africa and beyond is expanded. Even with the limited resources, he re-affirms the union's commitment to engage with communities in a manner that would see poverty levels substantially reduced

In an effort to improve capacity of people working in the credit unions, he mentioned that CUA has since 1968 played a pivotal role in Credit Union circles in particular, and the co-operative sector in Ghana as a whole. In a bid to concretize the gains made and keep the banner of Credit Unionism aloft, a multi-purpose training centre facility, has been constructed to provide professional and academic training for practitioners and the general public in Ghana.

He reminded the participants that credit unions can effectively contribute towards social-economic well being and compelled them to adhere to the co-operative principles (Open and voluntary Membership, Democratic Control, Non-discrimination, Service to Members, Distribution to Members, Building Financial Stability, On-going Education, Co-operation among Co-operatives and Social responsibility) in their engagements.

The chairman advised the leaders to make thorough assessment of their leadership styles with a view of developing products and services that match the current and challenging issues in Africa and also to promote good governance practises. Though, the legislative law governing the sector in Ghana is still pending parliamentary approval. He acknowledged the Honourable Minister for Employment and Social Welfare, Hon. Enoch Teye Mensah's effort in addressing this issue. He has engaged in collaborations with the Ministry of Finance and Economic Planning and Bank of Ghana to facilitate the promulgation of the Legislative Instrument (LI) that is aimed at regulating credit unions in Ghana.

ACCOSCA Chairman's: Chairman Doctor Hlongwane

He welcomed participants to the 12TH SACCA congress. He was pleased that the meeting had attracted high dignitaries with the potential that inspired and encouraged them to effectively deliberate on issues affecting the sector. Mr. Hlongwane mentioned that 12th SACCA congress was more than unique in the following ways

- It provided an opportunity for stakeholders to highlight the role co-operatives have played in development agenda of the continent.

- He took cognizant that SACCA congress being the largest gathering for Cooperators in Africa attracting over 300 participants from both the government, member based organisation and development partners would tackle pertinent issues affecting the sector.
- The meeting took cognizant that the 2012 was declared co-operative year by UN and a number of co-operative organisations had already organised events in support of this. He brought to the meetings attention that ACCOSCA is coordinating a number of activities in this respect.
- Substantial time has been allocated in mainstreaming governance and legislative issues. Regulation and supervision has been a recurrent obstacle in development of sustainable SACCO sub-sector, resulting in widespread neglect of the co-operative sector in spite of its pervasiveness and potential. He acknowledged the steps already taken by Malawi, South Africa and Kenya.

He retaliated that ACCOSCA will continue to collate and disseminate information that is critical for development of the sector in support of the congress theme **“Empowering Africa through Financial Inclusion model of SACCOs”**

The chairman thanked the stakeholders for the goodwill and engagement received since ACCOSCA revival. He acknowledged the following stakeholders for having contributed to ACCOSCA revitalisation program: Canadian Co-operative Agency, SACCO Society Regulatory Authority- Kenya, Co-operative Bank Development Agency-South Africa. He further thanked member organisations CUA-Ghana, KUSCCO-Kenya, NACCUG-The Gambia, MUSCCO-Malawi, SACCOL-South Africa, SASCO - Swaziland, UCSCU-Uganda, MASCOLE- Mauritius and SCU-Seychelles among others. Special appreciation went to the governments whose national unions are experiencing numerous challenges affecting their operations or are in the process of applying for ACCOSCA membership; yet they have continuously engaged with ACCOSCA: the government Zimbabwe, Namibia, Tanzania, Rwanda and Nigeria for this support.

The congress was informed that ACCOSCA has taken a critical path of recognising personality that can have an influence in promoting co-operative development. As such individuals with outstanding achievement and experience from the world of Sport, literature, Academia, leadership and diplomatic circles will be approached to assist in creating awareness of the role played by the sector. One of the positive externalities of this initiative is to use the co-operative sector in drawing attention to issues affecting people living in Africa. It was during this time that Hon. Joseph Nyagah who is the current Chair of Africa Ministers in Charge of Cooperative and Minister of Co-operative Development and Marketing was announced to be a good will ambassador for co-operatives in Africa. Doctor Hlongwane informed the congress that Hon. Nyagah has dedicated much of his life in supporting the co-operative sector in Kenya, and in the recent times has spent enormous amount of his personal time and resources in supporting ACCOSCA objectives

Hon. Enoch Teye Mensah, Minister of Manpower Youth and Development (Ghana)

The Hon Minister was delighted to be part of this congress and mentioned of his personal conviction towards the role credit unions plays in the community. The presence of diverse people across the

continent reflects a practical way how communities in Africa can organize themselves in an effective manner for social-economic benefits.

Hon E.T. Mensah urged the meeting to develop initiatives that would mitigate the challenges faced in Africa. He was saddened by the fact that high level of unemployment and poverty are prevalent yet credit unions are able to intervene if they are well nurtured. The leaders present were advised to play an active role in sensitizing the people on the importance of credit unions since the government alone cannot effectively and exclusively address this role. He appreciated the pivotal role played by the SACCOs in providing financial services to the unbanked communities.

The Minister recognized the important role religion has played in mobilizing people towards and the extent in which it has been used to develop credit unions in Ghana. He mentioned that the government will continue supporting the sector since it is directly engaged with community based savings scheme. Besides members being able to borrow pegged on their savings, the minister affirmed that members satisfy their need for social interaction, sharing and community belonging.

In Ghana, the Minister acknowledged the delay in enactment of legislative framework. He advised that this will be addressed sooner since the government recognizes Credit unions as catalyst to the saving system in the country. The perception that the government was dragging its feet on this area was therefore refuted. The Minister invited CUA to form a team to engage with his office the soonest possible.

Minister of Co-operative Development and Marketing, Kenya: Hon Joseph Nyagah

The Minister thanked ACCOSCA for giving him an opportunity to dedicate his time in promoting the development and growth of co-operatives in Africa. He noted that co-operatives in Africa are lagging behind mainly because the movement leaders do not understand the full potential of the sector. This he advised needs to change swiftly, a paradigm shift in the sub sector is necessary to create influence and impact as it occurs in the developed world.

He counseled the stakeholders present to appraise their commitment in serving the sector with dedication particularly in building the confidence of communities in joining the co-operatives. He cautiously urged the leaders to focus on re-branding the Sector. It also becomes apparent that the sector leaders do not fully appreciate or understand their role in the unions. The leaders were therefore told to speak with one voice in their respective countries, without which their ability to influence policies will be diluted.

The Minister further told the meeting that in order to be successful the sector needs active partnership between all levels of government, co-operative stakeholders and other development partners. This in a way will go towards bringing and recognizing the sectors role into the mainstreaming the economy with enormous positive results reaching the grassroots.

The Youth he mentioned need to be actively and meaningfully engaged in the sector development. To do so, he advised the sector to provide products which are within reach and are appealing to the

young adults. By default this will go a long way towards encouraging entrepreneurial activities and thus reducing the level of unemployment that is common vice across the continent.

SACCA Congress Final Program

2nd October 2011 : Registration

3rd October 2011

Official Opening Ceremony : ACCOSCA Chairman Doctor Hlongwane, CUA Chairman Cyprian K. A. Basing, Hon. Enoch Teye Mensah, Minister of Employment and Social Welfare

Session Chair: Dr.Esther Offei – Aboagye, Director of the Institute of Local Government Studies (ILGS)-Ghana.

Africa celebrating International Year of Co-operatives 2012: reason for festivity or breather for appraisal, By Bless Darkey, Vice Chair ACCOSCA

Credit Referencing for SACCOs: A need or a want By Theophilus Effah-Manu, Manager Cooperative Credit Union Apex, Kumasi-Ghana

Best practice; Building Confidence in SACCOs a case of Uganda. By Michael Sengo, Head of Account Management Compuscan Uganda

Key Note Address: Hon. Joseph Nyagah, The Chair of Africa Ministers in Charge of Cooperative (Kenya)

Panel Discussion : Governance and Legislative development: A Wake up call for SACCOs in Africa

Darko Emmanuel, CEO Ghana Credit Union Association, Tientchou Jonas, General Manager Cameroon Credit Union League Limited, Carilus Ademba, CEO SACCO Society Regulatory Authority-Kenya, Sylvester Kadzola, CEO Malawi Union of Savings & Credit Cooperatives, David de Jong, Supervisor, Cooperative Bank Development Agency-South Africa

Tuesday 4th October 2011

Managing Risk in the dynamic Business Environment: By Jones Nyakundi, Head of SACCO Banking Cooperative Bank of Kenya

Social policy and Welfare; involvement of the Co-operative sector in Africa. By Moses Musiitwa, Director, Form Technologies

Mainstreaming Marginalised groups into co-operative agenda through SACCOs. By Ingrid Fischer, Africa Regional Director CCA

Online Education Resources for SACCOs by Jill Mordaunt Open University UK

Panel Discussion: **HIV/Aids Epidemic Impact in SACCOs.** Ojal Joshua, CEO Mwalimu SACCO, Athumani A. Zidikheri, Treasurer Posta na Simu, Sabi Padi, General Manager Ditsobotla SACCO Bank,

Victory Nhlabatsi, Board member of Impumelelo SACCO (Nurses SACCO)

Group Discussion

Enhancing SACCO growth through Financial Management decisions. By Patrick Mendy, Finance Manager National Co-operative Credit Union *Gambia*

The real prosperity of nations in Africa: encouraging resource mobilisation via savings, By Danstan Kisuule, CEO Y-Save, Uganda

Making SACCOs work better for women in Africa? By Emile Esparon, Seychelles Credit Union

ICT for SACCOs; **Sparkassenstiftung für Internationale Kooperation** (Savings Banks Foundation for International Cooperation - SBFIC)

Wednesday 5th October 2011

How Co-operatives may contribute towards better ecosystems on the continent: **By Francis Munyao, Strategy Manager ICA**

Meeting Food security needs in Africa by use of the Credit Model, **By Richard Mettle Addo, Head of Research and Marketing AFRACA**

After 2012 what next for co-operative sector, improving and mitigating challenges for Africa development **By Oyugi Daniel, Vice chair Kenya Bankers SACCO**

Resolutions and Closing Remarks by George Ombado Executive Director, ACCOSCA

Field Tours in the afternoon to to SACCOs below;

1. North Tema Credit Union
2. University of Ghana Employees Credit Union
3. Ghana Standards Board Employees Credit Union
4. Ghana Broadcasting Employees Credit Union
5. Madina Community Credit Union

NB. Full detailed presentations may be accessed on; www.accosca.org

2011 Congress Summary: Basic Facts and Figures

The congress takes cognisance that countries have placed effort in legislation of the sector. ACCOSCA through the chairman applauded those already active and encouraged those who are in the progress of establishing a framework to continue engaging with relevant stakeholders in address this.

Issues that emerged from deliberations

- The co-operatives financial institutions should focus on it's core objective; that of social enterprise rather than place high emphasis on business enterprise
- To rebuild its image, the sub-sector should meet the needs of wider populous and engage in social economic initiatives: environmental programs. Encouraging partnerships and corporate social responsibilities
- The Sub-sector still expects more government involvement in creating conducive environment for the growth of the sector. Countries that are in advance stages of co-operative development should strive to assist the others
- ACCOSCA double its effort in addressing gender gaps and young adult involvement in the sector activities. The meeting also expects the institutions to contribute effectively towards mitigating HIV/Aids
- The meeting acknowledged that misdirected management and governance immensely contributed to the negative growth of the sector. This ought to change through development of appropriate regulatory frameworks and more capacity building initiative.

Day One:

Africa celebrating International Year of Co-operatives 2012: reason for festivity or breather for appraisal, By Bless Darkey, Vice Chair ACCOSCA

- ▶ The United Nations General Assembly has declared 2012 as the International Year of Cooperatives, highlighting the contribution of cooperatives to socio-economic development, particularly their impact on poverty reduction, employment generation and social integration.
- ▶ It also encourages individuals, communities and governments to recognize the agency of cooperatives in helping to achieve internationally agreed upon development goals, such as the Millennium Development Goals: In Africa, about 7% of the population are involved in co-operative activities
- ▶ The global challenges of unstable financial systems, increased food supply insecurity, growing inequality worldwide, rapid climate change and increased environmental degradation makes the economic enterprise model that co-operative offer very relevant in recent times
- ▶ African Governments should work with the co-operative sector as part of their wider Poverty Eradication strategies, while making sure they do not imperil co-operative autonomy. They

should also take the opportunity to examine the role of housing co-operatives in their urban policies.

- ▶ Opportunities should be created for women and youth in co-operative leadership to ensure sustainable good governance
- ▶ African Governments engaged in state re-construction in post- conflict areas should be more aware of the potential of co-operatives for bridging divides-ACCOSCA's possible input

Credit Referencing for SACCOs: A need or a want By Theophilus Effah-Manu, Manager Cooperative Credit Union Apex, and Kumasi-Ghana

- ▶ Credit referencing is a legal document that binds the applicant to your terms and conditions and serves as a marketing tool that market your loans (Experian, 2010).
- ▶ Owing to the lack of comprehensive credit information, all borrowers are charged an interest rate with an assumed level of default risk especially in Africa. This means that all borrowers are charged identical risk premiums regardless of their payment history and thus pay a premium that in developed countries is only applied to previously defaulting borrowers.
- ▶ The use of credit referencing will enable loan officers to make objective and informed credit decisions quickly, competitively and cost-effectively. Its usage will enable them to increase their lending volumes and improve the quality of their credit portfolios while reducing their delinquencies and loan processing costs.
- ▶ This will translate into improved profit margins and support responsible lending while strengthening banking supervision in monitoring systemic risks.
- ▶ This is therefore a need and not a want for the SACCOs/Credit Unions

Best practice; Building Confidence in SACCOs a case of Uganda. By Michael Sengo, Head of Account Management Compuscan Uganda

- ▶ Credit bureau information adequately addresses the top of the pyramid, this often ignores the bottom pyramid which has SMEs and SACCOs
- ▶ The sample of data analysed confirms that some borrowers are active in the formal and in the less formal banking sector
- ▶ The data analysed shows certain alarming values of loans that are being borrowed elsewhere by people who are otherwise thought of as the "poorest of the poor"
- ▶ Despite Credit Unions having self regulation mechanism, introduction of Credit Bureau information will enable them manage their risk effectively

Key Note Address: Hon. Joseph Nyagah, the Chair of Africa Ministers in Charge of Cooperative (Kenya)

Panel Discussion: Governance and Legislative development: A Wake up call for SACCOs in Africa

Darko Emmanuel, CEO Ghana Credit Union Association, Amaana Samuel, Internal Auditor Cameroon Credit Union League Limited, Carilus Ademba, CEO SACCO Society Regulatory Authority-Kenya, Sylvester Kadzola, CEO Malawi Union of Savings & Credit Cooperatives, David de Jong, Supervisor, Cooperative Bank Development Agency-South Africa

The following consensus was drawn from the discussion

- ▶ legislative development has to focus mainly on quality of leadership, SACCO Supervision and audit requirements, Capital and reporting requirement
- ▶ Need to improve capacity of stakeholders involved in developing or implementation regulation framework
- ▶ The objective of developing a SACCO Act can include: protect members' deposits from loss; encourage mobilization of members' funds; and promote creation of confidence in SACCOs.
- ▶ It is necessary to adapt to clear regulations spelling actions to resolve weak Saccos. These can be administrative, sanctions, de-licensing, removal of management and liquidation. A regular review of the laws to adapt to the changes in business environment is needed.

Day Two:

Tuesday 4th October 2011

Managing Risk in the dynamic Business Environment: By Jones Nyakundi, Head of SACCO Banking Cooperative Bank of Kenya

- Risk management is critical to the development and growth of SACCOs since it provides a structured approach to managing uncertainty that often exist in the sector.
- He challenged the SACCOs to get more exposed on risk management issues. It was observed that Sacco's officials in general are ignorant of the significance of the number of compliance, legal, and operational risks.
- Prudent decision will be made effective by the Saccos if they harness internal and external information by developing risk management process within their organizations. Risk Management ensures consistency, efficiency and transparency
- Credible Ways to manage risk:-Compliance management, Asset management, Risk assessment, Business continuity management, Incident management, Knowledge Management, IT governance, Vendor risk management practices, Audit Management and Policy management.

Social policy and Welfare; involvement of the Co-operative sector in Africa. By Moses Musiitwa, Director, Form Technologies

- The population doubled in the period 1982–2009, and currently the total population of Africa is estimated at 1 billion (as of November 2010.)
- Social policy refers to the entire range of public policies and instruments that relates to conditions of human wellbeing, including Health, Education, Housing, Water and sanitation, Child protection, Social protection, social integration, Crime and justice
- Cooperative institutions do provide the organizational means whereby a significant proportion of humanity is able to take into its hands the tasks of productive employment, overcoming poverty and achieving social integration.
- Co-operatives should get involved in Social Policy by engaging in early policy drafting and research for the voice of the poor :- Enhancing women participation in Cooperatives, Marketing services to Small holder farmers, Generate Innovations that can improve members income and benefits, Social welfare facilitation (as applicable) and Education support for children of the poor

Mainstreaming Marginalised groups into co-operative agenda through SACCOS. By Ingrid Fischer, Africa Regional Director CCA

Drawing examples from Canada, Ms Ingrid Fischer informed the participants that it was morally right and good business engaging with marginalised groups. People can be marginalised for various reasons: Geography, Disability, Illiteracy, Conflict, Poverty, Ethnicity, Culture, Civil Status, Religion, Language, Sex, Age, Illness, Income, Wealth and lifestyle among others.

Statistical inference that provides business opportunity for the SACCOS

- Over 50% of the population are women and 63% of population is in rural areas
- In Africa 43% of the population are under 15 years, 20% between 15- 24, It can be urged that by the year 2020 – the average age of 75% of African will be 20 years

However for intervention to effectively reach the marginalised groups the following strategies need to be put into perspective

- i. Define your target and be clear on your purpose: Why are you reaching out to this particular group?
- ii. Include target in your strategic business plan and operating plans
- iii. Identify cost effective ways to reach out Partnerships with NGOs, CBOs, FBOs etc.

Online Education Resources for SACCOS by Dr Jill Mordaunt Open University UK and Mr Kofi de Heer-Menlah, GMPA

Open University in conjunction with ACCOSCA to develop an effective learning tool that would reach out to a wider audience as ACCOSCA seeks to building capacity in the sector. The agreed name at

this point for this initiative is ACCUMULATE referring to African Co-operative Credit Union Movement - Upgrading Learning and Training Expertise

The idea behind this initiative comes from understanding that

- There is current need for capacity building at all levels of SACCO processes.
- “Strong and sustained development requires both institutional capacity building and an enabling environment with strong prudential supervision.”
- Information Technology as an enabling environment and creativity and innovation tool.
- ICT enabled training: e-Learning, m-Learning, to implement ICT enabled business processes ACCOSCA
- Though face to face training has been in existence for a while, In-service and then formal qualification training will be used. This eliminates overhead cost associated with class room based training.

The central purpose of the initiative is to enable African Credit Unions/SACCOs to provide a full range of affordable, high-quality learning opportunities to their staff and office-bearers wherever they live and work. To achieve this we must:

- Establish ACCUM:ULATE
- Review current training practices
- Develop high quality training resources
- Promote the use and adaptation of these
- Extend involvement to all other African countries with CU/SACCOs
- Establish mechanisms for continuity
- Encourage informed debate with stronger SACCOs re- accreditation

Expectations from this training will be:

- Enhanced and self-sustaining systems of training (more, better, cheaper, local).
- Bigger and stronger CU movements promoting and supporting the spread of thrifty self-reliance and savings habits throughout Africa
- Spread of governance know-how, and the associated values and soft skills, deeply and widely in Africa (impact through but *beyond* the CUs themselves).

Panel Discussion: **HIV/Aids Epidemic Impact in SACCOs.** Ojal Joshua, CEO Mwalimu SACCO, Athumani A. Zidikheri, Treasurer Posta na Simu, Sabi Padi General Manager Ditsobotla SACCO Bank,

Victory Nhlabatsi, Board member of Impumelelo SACCO (Nurses SACCO), Mr. Charles Asante – Bempong (Ghana Employers Association)

Group Discussion

Enhancing SACCO growth through Financial Management decisions By Patrick Mendy, Finance Manager National Co-operative Credit Union *Gambia*

Financial Management provides SACCOS with a structured level of service designed with the aim of achieving financial objectives. Thus SACCO members and other stakeholders of Saccos have to critically make optimal financial decisions for the growth of SACCOS.

It was discussed that the financial goals of SACCOSs may vary from one organisation to the other but the following were the most common goals: Need to maximize returns, Need to minimize costs, Need to maximise market share, maximise the value of SACCO assets

These goals emerge because of the need to

- Help in the maintenance of the value (Financial and real value) of the depositors fund
- Create wealth for the depositors
- Help to improve the wellbeing of members and their families
- Improve the asset quality of the SACCO.

Arguably, SACCOS that invest almost 80% of their total assets in the loan portfolio have the greatest opportunity to maximize return on these productive assets while providing their member-clients with the credit services they seek.

The financing decision is concerned with the mixture of long term (i.e. more expensive and less flexible) finance and short term (i.e. cheaper and more flexible) finance. The option is available to go for Deposits from members, debt or equity finance.

Most of the SACCOS today, face numerous challenges that need to be addressed in order to achieve desirable financial decisions

- Inability of the directors to interpret financial information
- Late preparation and submission of financial statements to the directors for decision making
- Reliance of the directors and management on the annual accounts from external auditors
- Lack of criteria for the Selection of the directors
- Lack of Finance Procedure Manuals to guide the operations

- In adequate supervision and regulatory environment
- Bad Governance

The real prosperity of nations in Africa: encouraging resource mobilisation via savings, By Danstan Kisuule, CEO Y-Save, Uganda

Making SACCOs work better for women in Africa? By Emile Esparon, Seychelles Credit Union

Concerns were raised about the marginalisation of women in the SACCO work place and society in general. Most BOD members are male dominated yet the few SACCO businesses managed by women are well managed and are performing relatively better. Seychelles Credit Union presented classical examples on how women have been involved in the leadership positions.

Participants were urged to have a gender mainstreaming policy in their respective organisations in view of the fact that women tend to be cautious in decision making, a quality which is crucial for financial decisions.

ICT for SACCOs; **Sparkassenstiftung für Internationale Kooperation** (Savings Banks Foundation for International Cooperation - SBFIC)

Day three:

How Co-operatives may contribute towards better ecosystems on the continent: By Francis Munyao, Strategy Manager ICA

- From the work of Intergovernmental Panel on Climate Change (IPCC) it is believed that man's activities have played and continue to play major role in the increase of level of green house gases in the atmosphere resulting in global warming.
- Africa is likely to be greatly impacted by Climate Change because of economic situation; this calls all sectors and stakeholders to develop strategies for adaptation. The effect of Climate Change is not excluded from the co-operative sector, knowing that Cooperatives employ over 100 million men and women worldwide, and have more than 1 billion members globally
- Currently Africa Adaptation Programme being initiated by UNDP supports integrated and comprehensive approaches to climate change in Africa. Other stakeholders have recognise this challenge for instance in 2010 ICA Africa Regional Assembly theme **"Cooperative Regional Response to Climate Change"**
- Co-operatives are encouraged to Communicate with, inform and motivate members towards a lower carbon lifestyle. Use political influence at home to encourage each government to play a constructive part in the Kyoto negotiations.
- IYC presents an opportunity for cooperatives in Africa to integrate climate change adaptation strategies in their business models irrespective of the nature of activities they are engaged in.

Meeting Food security needs in Africa by use of the Credit Model, **By Richard Mettle Addo, Head of Research and Marketing AFRACA**

The presenter amicably explained the payment system of Cocoa farming in Ghana, a model that could well be adopted for other food crops to address the rising food security concerns in Africa.

After 2012 what next for co-operative sector, improving and mitigating challenges for Africa development By Oyugi Daniel, vice chair Kenya Bankers SACCO

- The presentation identified challenges faced in Africa and how this can be mitigated during the IYC hence the concern that IYC needs to be celebrated with Caution in the continent
- Poor living standards characterised by lack of minimum basic needs. Some human beings live in demeaning conditions.
- Widening gap between the rich and the poor- where one person earns USD 25.000 and yet another earns USD 60 both per month. What justifies the difference? Is it education?
- Diseases: Malaria, Diarrhoea, T B, Cancer & HIV & AIDS. Are a constant threat. Infant mortality rates are still high.
- Illiteracy: This is more rampant in the rural areas.
- Lack of determination: Quick to give up course, lack of endurance. Winners never quit and quitters never win
- Lack of commitment on people issues by the leadership: Leaders have not made people issues their issue.
- Discrimination against Women and Children. This however affects some countries only.
- CUs in Africa are at different levels of growth. The fully developed cooperatives have contributed tremendously to the national GDP. More still needs to be done to create awareness on the role co-operatives have in Africa. While doing so it needs to be recognised that a lot needs to be achieved on Gender Disparity. Generation continuity is necessary for sustainable growth of the sector-Youth inclusion
- Mismanagement is still a common occurrence; development of robust legislation is needed. Thus the need to lobby with the government to strengthen the sector and support data collection that will be critical in drafting policies that have a positive impact to CU.

Resolutions:

Read by George Ombado Executive Director, ACCOSCA

Mr Ombado, thanked the delegates for actively participating in the meeting. He retaliated that this was an important step in seeing the continent decide on its fate. SACCOs were encouraged to seek partnership with stakeholders that are dedicated in developing the co-operatives. More importantly

the co-operative principles about co-operation amongst co-operators need to be adhered to enable creation of synergies that would accelerate growth of co-operatives

The following were the resolutions agreed for the next year

1. Co-operative stakeholders to know their HIV/Aids status during ACCOSCA events in an effort to mitigate the challenges associated with the disease. The first Know Your Status Campaign to begin during the SACCO leaders Meeting in Botswana (March 2012)
2. SACCO to organize a tree planting exercise on or before the co-operative day 2012
3. National Unions to engage with the government to develop appropriate legislative framework for the sector
4. More marginalised group particularly Youth and Women to be encouraged to engage in SACCO initiatives

Evaluations Forms Feedbacks

Out of the 385 evaluation forms handed out, 91% of them were returned back filled. The following is a summary of feedback received with each point accompanied by the secretariat response

- I. The conference venue ought to have been better, hotel staff should be made to respond to participants needs in a timely manner. The Conferencing Material was satisfactory provided: The secretariat office will play a critical role in determining the venue for future events
- II. The topics deliberated in the congress were relevant to the needs of participants. However, more time was proposed for Governance and Cross Cutting Issues. An idea being floated is to have two separate concurrent sessions to give an opportunity for more discussion in thematic groups.: This will be piloted on the SLF meeting in Botswana or SACCA congress in Uganda
- III. The opening ceremony took longer than expected given last minute adjustment of dignitary schedule of arrival. Time management is to be adhered to in future ACCOSCA events.
- IV. The course offered during ACCOSCA events to be conducted before the main event: This will be tested during the SLF 2012, the two course will run concurrent with the women leadership forum two days before the SLF 2012