



**ACCOSCA**

*African Confederation of Cooperative Savings & Credit Associations*

*Association Des Cooperatives D'Epargne et de Credit D'Afrique*

# **FINANCING CO-OP DEV THRO' NATIONAL ASSOCIATIONS & OTHER SOURCES**

## **Harnessing the power of Co-op to Achieve Sustainable Dev for All.**

**PRESENTED BY: Solomon Angutsa Atsiaya**

**ACCOSCA**

**UNDESA MEETING, MARCH 2019**

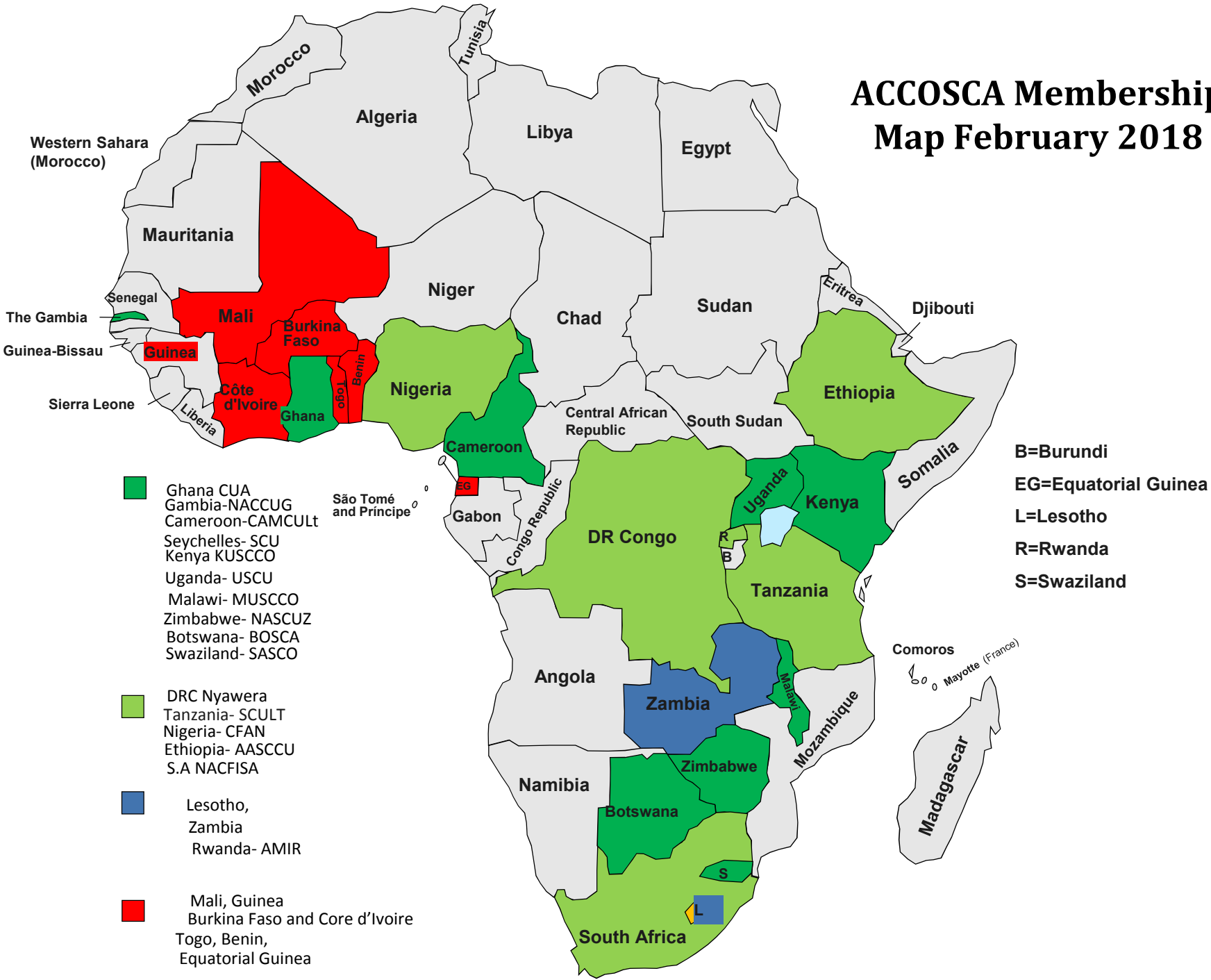


ACCOSCA is a Pan-African confederation of national associations of savings and credit cooperatives societies. ACCOSCA opened its doors in 1968 and is currently being governed by domicile laws and the ACCOSCA constitution. It enjoys a goodwill gesture from its members and other stakeholders that are keen on making Africa a better place to live.

### OBJECTS

1. Promoting the establishment of an institutional framework for mobilizing personal saving and credit cooperatives
2. Capacity Building
3. Technical Assistance
4. Financial assistance and services to the African cooperatives saving and credit Associations
5. Information exchange (discussion of common experiences)
6. Research

# ACCOSCA Membership Map February 2018



- ✓ In Africa there has been the challenge of growing SACCOs as a strong tool to meet societal social & economic needs
- ✓ Co-operatives are well placed to bring about the equitable development and justice that is desperately needed for life both socially, economically and otherwise.



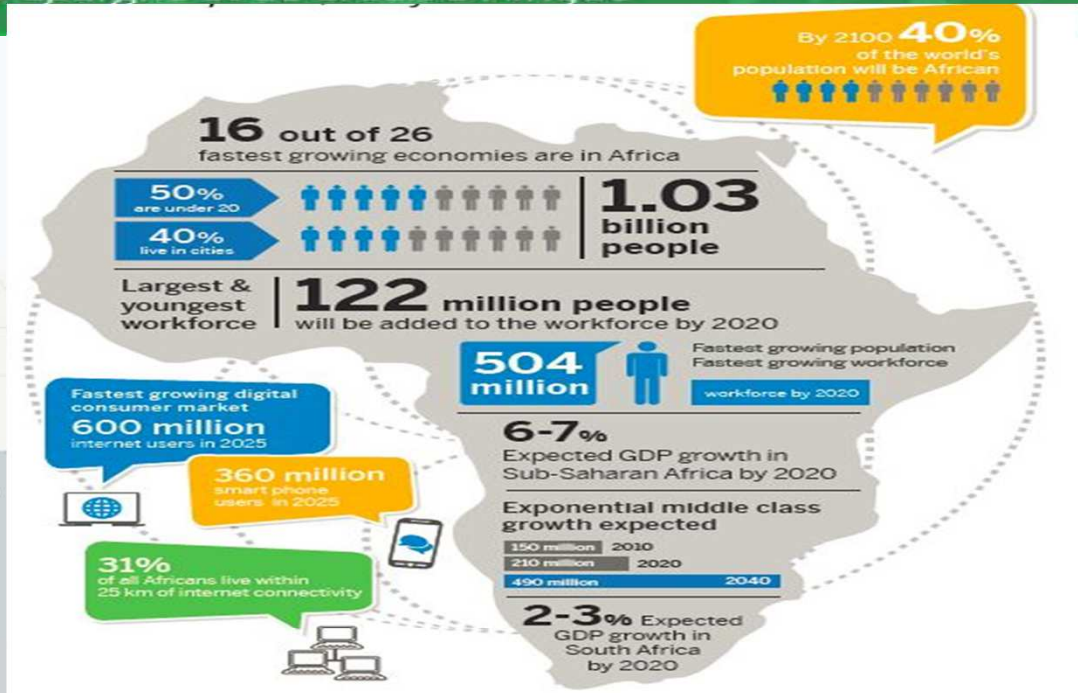
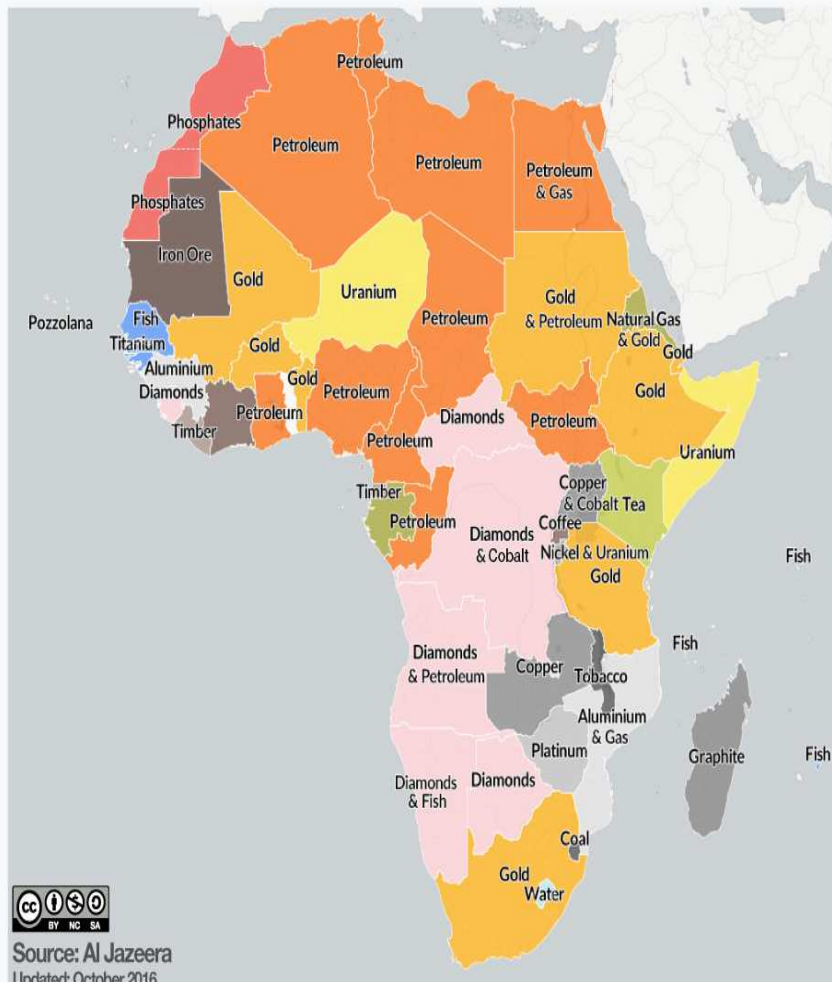


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## Mapping Africa's natural resources



**THIS IS AFRICA!**

**ONE BILLION PEOPLE**

more mobile users than the US & Europe

more than 2,100 languages

**70%** of africans are under 25

**5M** university graduates every year

**54%** average GDP growth for the next 20 YEARS

**7/10** fastest growing economies by 2015

100+ million monthly active people on Facebook



Source: Al Jazeera  
Updated: October 2016



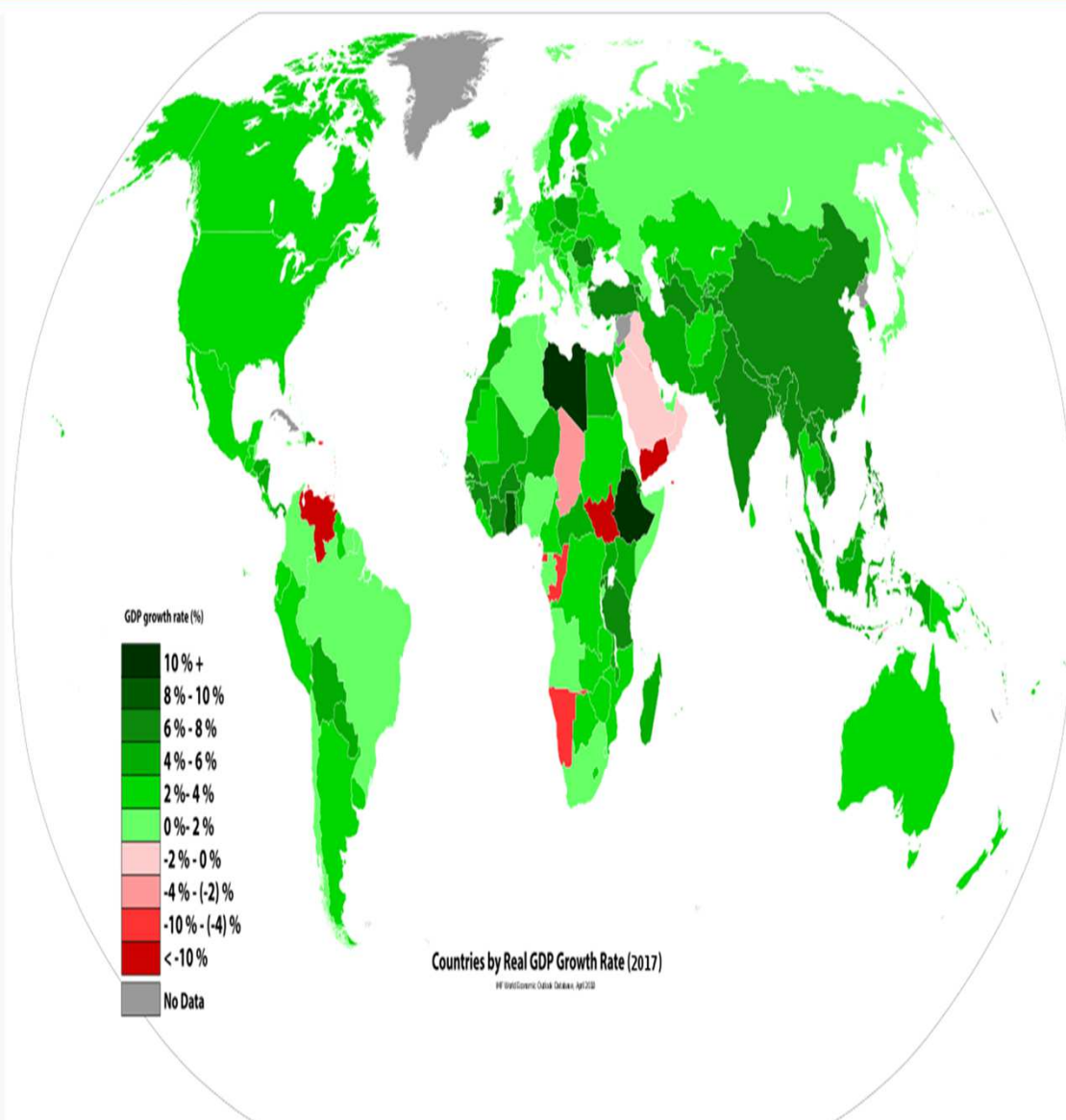
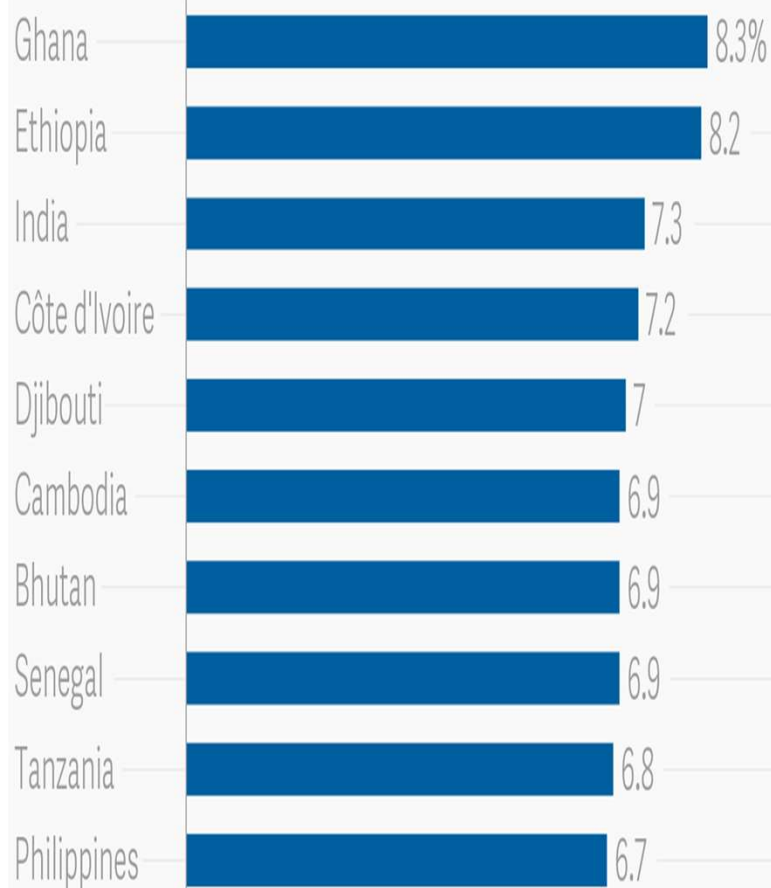
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## The top 10 fastest growing economies in 2018

Real GDP growth at market prices



## **Why Poverty in Africa;**

- ✓ Lack of access to clean safe water & proper sanitation
- ✓ Housing-biggest slums in Africa
- ✓ Conflicts-Political & Ethnical
- ✓ Climate change
- ✓ Low investments in Agriculture
- ✓ Health-Majorly HIV & Aids
- ✓ Unstable markets
- ✓ Education among other issues





# WHY CO-OPERATIVES?

- They are founded on the philosophy of co-operation and on values of equality, equity and mutual self help
- At the heart of the Co-operative principles is the concept of human development and the brotherhood of man expressed through people working together to achieve a better life for themselves and their community.





# OPERATING PRINCIPLES

1

DEMOCRATIC CONTROL

2

OPEN MEMBERSHIP

3

NONDISCRIMINATION

4

SERVICE TO MEMBERS

5

DISTRIBUTION TO MEMBERS

6

BUILDING FINANCIAL STABILITY

7

CO-OP COOPERATION

8

SOCIAL RESPONSIBILITY

9

ONGOING EDUCATION



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## Original objectives of Sacco;

Support Inclusive Economy and to prevent social exclusion.

1) **Inclusive economy** means creating more sustainable and **inclusive** societies that aim at including all members of society in the **growth** process itself apart from distributing wealth among them after periods of steep **growth**

2) **Inclusive growth** is a concept that advances equitable opportunities for **economic** participants during **economic growth** with benefits incurred by every section of society.

N/A. ECCLESIASTES 10:19-A feast is made for laughter & wine maketh merry; **but money answereth all things.**



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## **Gaps In Sacco's**

### **Past Challenges : Findings on Institutional Analysis of SACCOs in 90s**

- I. Poor/Lack Legislations**
- I. Low/No Capital Base**
- II. Poor Image: Representations**
- III. Leadership /Lack of long term plan**
- IV. Lack of Vision and mission**
- V. Lack of Innovations**
- VI. Lack of Education and training at all levels**
- VII. Dependency Syndrome**



## WHY ADEQUATE CAPITAL?

- ✓ Financial Prudential requirements for capital & liquidity
- ✓ Ability to finance the Society's social & economic projects
- ✓ More financial services to the membership
- ✓ Long-term loans i.e. Mortgages for affordable housing
- ✓ Investments in Technology
- ✓ Risk Management-IFRS9



# Availability of Financing from NAs

- **External financing** -is that it is part of the total debt in a business that is owed to outsiders (Saleemi, 2009). Co-operative are more socially responsive.

## Sources of external Funds from Associations

- **Grants/Donations -Governments & Development partners**
- **Commercial /Development Banks**
- **Fundraising trough activities-Fun Run, Golf etc**
- **Transfer of Liquidity from other CUs across the world**
  - **Central Finance Facility/Fund**





# Central Finance Fund/Facility

- CFF as product for National association of SACCOs started as **bridge to fill the liquidity needs** gap amongst member SACCOs and to **offer them competitive investment opportunities** within the SACCO movement.
- The CFF is where SACCOs agree to pull a percentage of their financial resources together to create a financial pool out of which it can provide liquidity support in a form of loans and other financial services in times of need.
- The facility mobilizes funds from the affiliated SACCOs in various forms such as Shares, Savings, Time Deposits etc and offers good return on investment for the SACCOs.
- By pooling funds and jointly investing, CFF negotiates higher returns for Participating SACCOs.

**"If you want to go fast, go alone but if you want to go far, walk together"**



# Rationale of CFF

The major objective of CFF is;

- To build and maintain liquidity through mobilization of savings for member SACCOs.
- Act as an inter-lending facility that offers tailor made financial services to SACCOs that suit the needs of their members.
- Providing a means of Centralizing SACCOs financial power of the entire SACCO Movement so that SACCO system may have funds at all times for SACCO Stabilization.



## NAs TO ENCOURAGE INTERNAL MOBILIZATION

- Raise adequate Capital from CUs members
- Deposits mobilization through membership growth and improved savings
  - Special deposits products i.e. housing savings plan, group savings
  - SACCOs Mortgage Bonds with attractive coupon rates & that are redeemable within a given period; 5, 10, 15 years.
  - Internal Savings from surplus



# THE NEED FOR SACCOS TO PARTICIPATE IN NATIONAL PAYMENT SYSTEM

SACCOS continually face the following challenges being outside the NPS;

- ✓ Thus loss of deposits as their members maintain bank accounts,
- ✓ High transaction costs in the lengthy payment channels, costly and ill-designed deposits from members,
- ✓ Expensive partnerships with Banks to provide ATM, Cheques, Letters of credit etc.,
- ✓ In effect Liquidity Management strategies such as Lines of Credit with Banks, ultimately SACCOS are left net borrowers.



# HOW? POSSIBILITIES

- a) Grant DT SACCOS direct access- Here each Sacco has to satisfy the regulatory requirements to issue retail payment instruments to members and operate a reserve account with the Central Bank/Reserve Bank.
- b) Allow designated Financial institution owned and Governed by the DT SACCOS to provide access to the National Payment System e.g. Co-op Bank, CFF with KUSCCO. Here the designated institution may operate within the existing legal framework to aggregate and process payment instruction from member DT SACCOS. This approach will require minimum legal amendments.
- c) Both (1) and (2) above to be allowed.



## **For Sustainability SACCO Industry:**

- 1) Strengthen the National Associations**
- 2) Mainstreaming Gender Issues**
- 3) Generation Gaps**
- 4) Innovation/ Efficiency**
- 5) Building Financial Capacities**
- 6) Enhance Governance framework**
- 7) Policy-Rewrite our policies**
- 8) Data Management framework**
- 9) Focus on Increase Membership Growth**



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# Thank You