

Cooperatives and the Eradication of Poverty

Providing Technical and Financial Support to Rural and Financial Cooperatives – The Evidence and Best Practices

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Cooperatives as a Tool for Poverty Reduction

Employment creation and income generation (direct and indirect)

- Farmers access market through cooperatives
- Direct employment by cooperatives and public institutions
- Income increase through loans (SACCOs)

Investment in human capital

- School fees highest back office type of loans in Kenya
- Cooperatives serving as education centres for their members
- Contribution to the improvement of healthcare (awareness raising on diseases such as HIV/AIDS)

Cooperatives as a Tool for Poverty Reduction

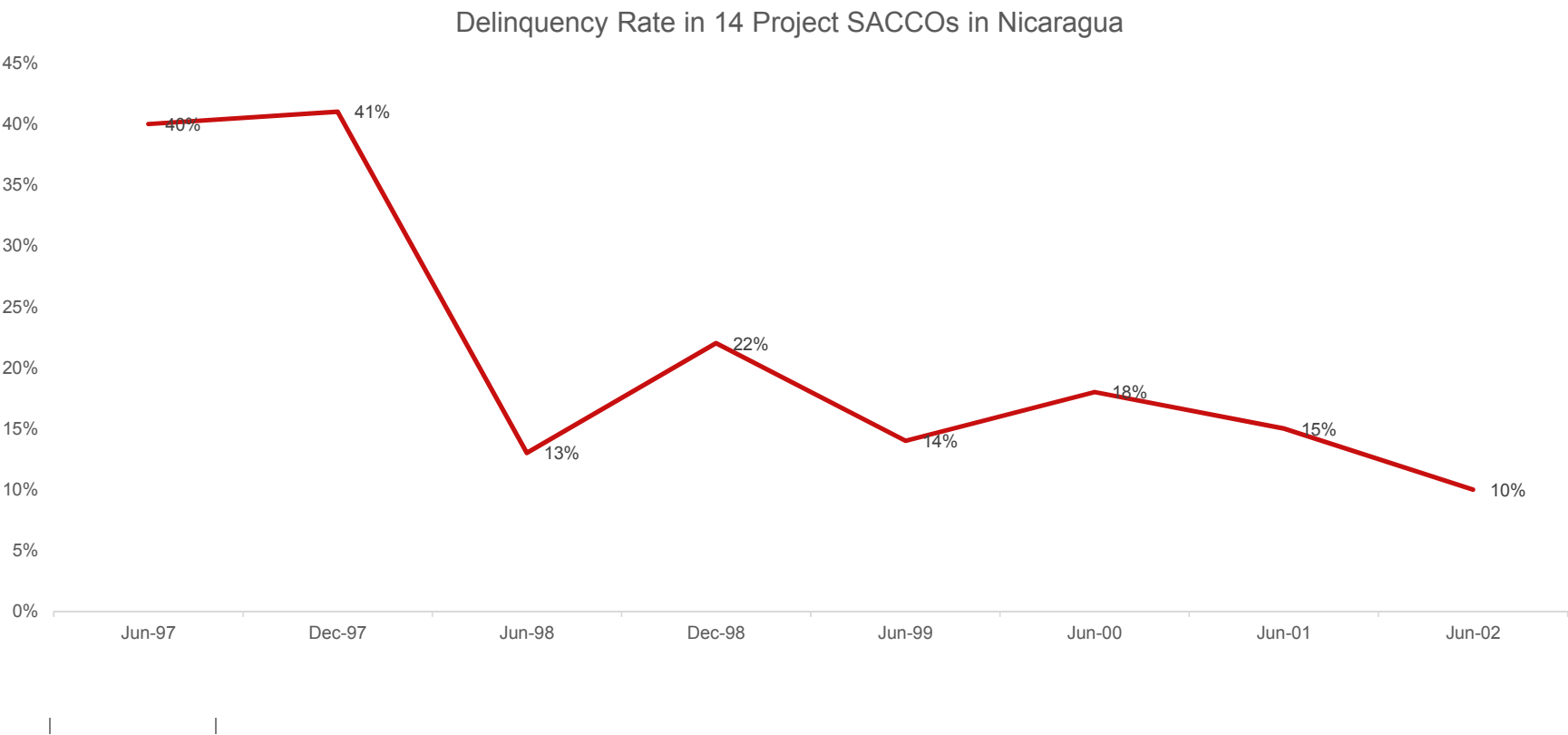
Social protection

- Emergency loans offered by most SACCOs
- Instant loans or salary advances
- Benevolent funds (in case of death)
- Social funds (Ethiopia – 1.5% profit contribution to basic social services)

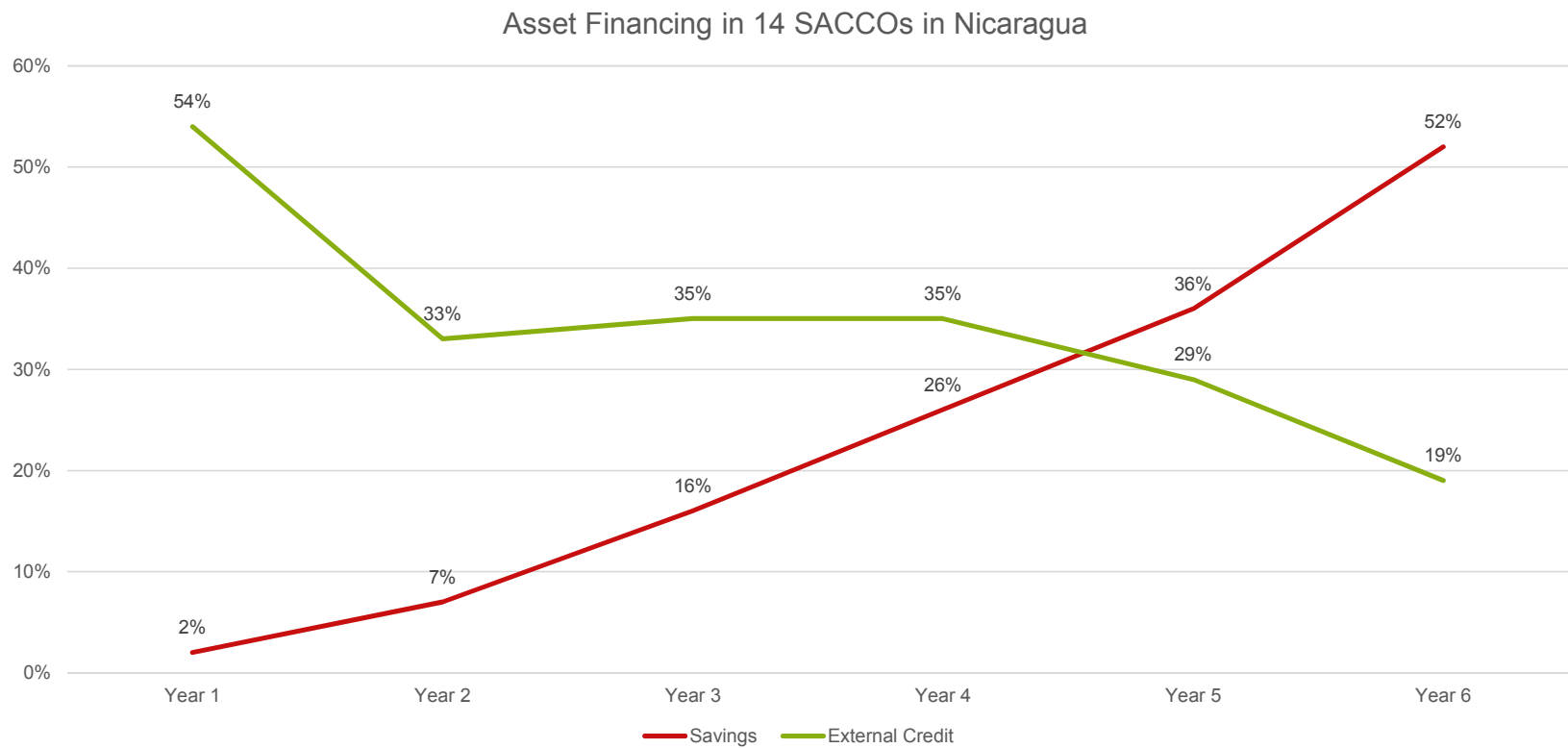
Technical Assistance – Effects on increased savings

Country	# SACCOs	Savings Year X (million)	Savings Year X+2	Savings Growth	Members Year X	Members Year X+2	Growth Members
Bolivia	15	\$22	\$32,7	48.6%	45,436	60,179	32.4%
Ecuador	20	\$31.5	\$105.3	234.3%	759,741	879,596	15.8%
Guatemala	28	\$76.2	\$132.5	73.8%	305,848	406,074	32.8%
Honduras	21	\$28	\$34.3	22.5%	149,304	194,034	30%
Nicaragua	17	\$0.7	\$1.6	157.1%	11,937	17,397	58.3%
Total	101	\$158.4	\$306.6	93.5%	1,271,658	1,557,820	22.5%

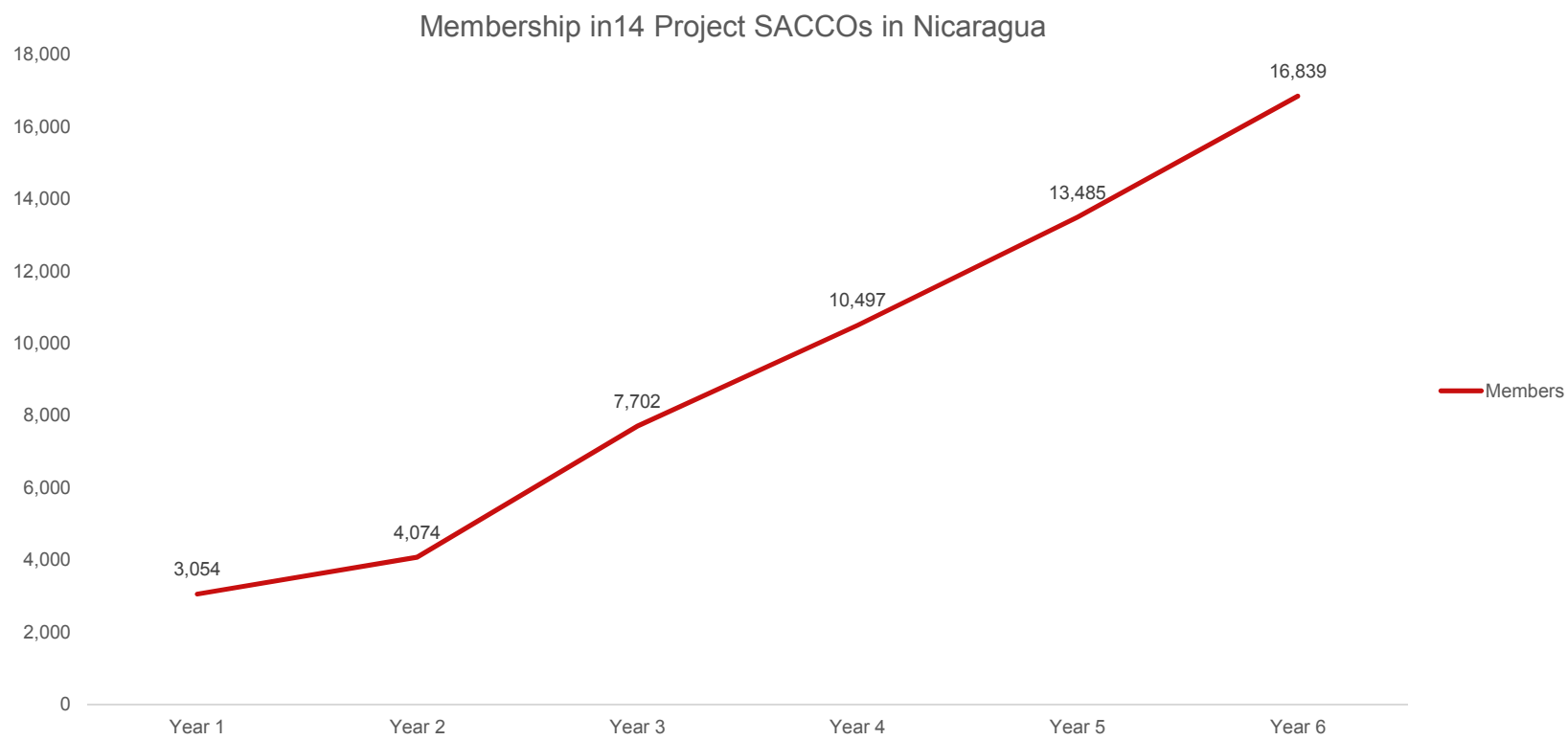
Technical Assistance – Effects on sustainability



Technical Assistance – Effects on Sustainability



Technical Assistance - Sustainability



How was it made possible?

Technical assistance

- Savings mobilization (voluntary savings)
 - Not so much about financial assistance
 - Savings mobilisation is everyone's task
- Efficient financial management
- Client diversification
- Marketing and product development
 - Use appropriate marketing strategies
- Savings and credit products diversification
- Information Systems
 - Leverage technology (digital finance technology)
- Linkage to farmers' cooperatives
 - Contract farming through the SACCOs

Thank you!