



**USHURU CO-OPERATIVE SAVINGS
AND CREDIT SOCIETY LIMITED**

Securing Your Future

***EDUCATION TEXT
YEAR 2014***

www.ushurusacco.com

THE MANAGEMENT BOARD



EGLON MWAIZANGU
NATIONAL CHAIRMAN



FRANK ROBERT
NATIONAL HON. SECRETARY



OLIVER SIKUKU
NATIONAL V/CHAIRMAN



BOAZ CHIMASIA
NATIONAL TREASURER



JOHN BOSCO
MEMBER



PATRICK CHELULE
MEMBER



HIPPO KOMUTHO
MEMBER



ISAAC KIPROP
MEMBER



NANCY NGETICH
MEMBER



WILLIAM PUDHA
C.E.O

THE SUPERVISORY COMMITTEE



CLEMENCE WAWUDA
SECRETARY



EDWIN TALEL
CHAIRMAN



MARTIN OBARA
MEMBER

MESSAGE FROM THE NATIONAL CHAIRMAN

On behalf of the Management Board and staff of Ushuru SACCO, I wish to convey New Year greetings to all members and welcome you all to the year 2014 members education. As has been in the past, this is yet another time that we converge to share ideas and update ourselves on the emerging issues in the Co-operative sector generally and specifically in Ushuru SACCO.

The year 2013 saw a fundamental political transition in the country, having been the first elections under the new constitution. With it came a new political order which altered the business environment of the Co-operative movement in a big way. Prior to the current political order, the movement had fully fledged Ministry of Co-operative development and Marketing. However in the new political dispensation, this ministry has been merged together with others and is now a department within the Ministry of Industrialization and Enterprise Development.

Generally, the business operating environment was consistent. The volatile interest rates appeared settled as the Central Bank managed to maintain their base lending rates at a steady margin. This reduced the business pressure on SACCOs contrary to what the situation was in the past two years. The SACCO was thus able to operate on very steady cash flows and thus meet the members' loan demands on time.

In the same year, we managed to register an investment wing- Ushuru Investment Co-operative society Limited. This was the culmination of our efforts to ensure value added investment opportunities to our members in line with the Society's strategic plan. As you are aware, the SACCO has in the past 'facilitated' acquisition of plots to members. However, majority of members have not been able to develop such plots. Further, article 50 of the SACCO rules 2004 restricted the activities of Ushuru SACCO to Savings and Credit as being its core business. A separate entity had to be registered with the core function of engaging in investment activities for members. We believe this will go along way in assisting members achieve their investment objectives.

We continue to urge our members to patronize the activities and products of the SACCO and the investment co-operative. We understand the pressures of competition from the mainstream financial institutions including banks. As such there is need to mobilize a strong capital base to be able to match to the standards of these institutions. The regulators and Key stakeholders have already come up with measures to ensure compliance to prudential standards. During last year's delegates meeting, it was approved that monthly contributions be improved to a minimum of Kshs 2000 or 5% of the members basic pay. We did communicate this to members but majority requested for time to adjust due to the economic hardships. Already we advised our members to adjust to this by January 2014. We shall be discussing this further with our regulator (government) and thereafter present our feedback to the delegates at the Annual Delegates meeting.

With those few remarks ladies and gentlemen, I wish you a fruitful discussion during this education day. Your feed back shall go along way in improving our services to you. God bless you all.

MESSAGE FROM THE EDUCATION COMMITTEE CHAIRMAN

Introduction

Whether on the verge of retirement, sailing along mid-career or just getting a formal employment or in an informal employment, it is always important to think ahead and plan for the future. For many reasons; including personal commitments and the time required stabilizing in formal employment (for those who are formally employed), it is a fact most people often get a late start on planning for their future.

It is on this foundation that the Education Committee, and indeed the entire Management Board of Ushuru SACCO, saw the wisdom of emphasizing a secure future for all the SACCO members during this year's education period. We take pride that our strength as a SACCO lies on a membership that is on regular income. Indeed over 98% of the entire SACCO membership is on formal employment.

The general Savings and Credit Co-operative (SACCO); slogan "Save regularly, Borrow wisely and repay promptly is widely used in the SACCO fraternity. This slogan holds the key to a secure future for every SACCO member. Therefore, in driving our education theme this year, we shall be emphasizing on Ushuru SACCO's Savings and Credit products. We shall also take members through the new Investment Co-operative Society, its benefits and its relationship with the SACCO.



Savings Products

Share Deposits

This is the primary savings product for any Savings and Credit Co-operative Society. Under this scheme, a member is required by law to remit on monthly basis through check-off or any other accepted means to the SACCO, a minimum sum of money as determined by a resolution of a General Meeting. Such savings subsequently become available for onward lending to other SACCO members as loans to complete the savings and credit cycle.

Investment Savings

This is a withdrawable savings product for members of the SACCO. It is ideal for members with surplus funds to accumulate for future small scale investments e.g. household asset acquisition, share purchase, etc. Members can make direct investments in cash through the SACCO bank account or organize for a check off arrangement. This saving is available on demand and been tied to our m-SACCO platform, where members can have it withdrawn at their convenience.

Credit Products

Regular Credit Products

Under this category, the following are on offer:

- i Development Loans
- ii School Fees Loans
- iii Emergency Loans
- iv Refinancing Loans

Development Loans

One of the key mandates of the SACCO is to accord members cheap credit for development purposes. The SACCO has this product in place to drive that mandate. There is no ceiling for this product. The repayment period is a maximum five years and the interest rate is 1% p.m on a reducing balance.

School Fee Loans

This product is on offer to members with education needs for themselves, their spouses, children or siblings; but is unable to accumulate savings or raise funds from the regular income to finance the same. There is no ceiling for the product. The interest rate is 1% p.m on reducing balance and the maximum repayment period is 12 months.

Emergency Loans

This option is available to members with emergency needs but are unable to accumulate savings or raise funds from the regular income to finance the same. Like the School Fee Loan, there is no ceiling for this product. The interest rate is 1% p.m on reducing balance and the maximum repayment period is 12 months.

Refinancing Loans

This loan is available to members on a development loans only. It applies for members who have taken a development loan for a project but the funds have run out before the project is complete; and the member is still eligible for a loan based on the share deposits and pay slip. The maximum repayment is 48 months and the applicable interest rate is 1% p.m on reducing balance, with no maximum ceiling.

Special Credit Products

On a normal circumstance, the regular products above should adequately serve the financial needs of a member at any given time. At the same time equal opportunity should be accorded to all members in accessing loan. Since SACCO loans are awarded from a pool of members' savings at a multiplier rate, members are required to borrow within these regular products in order to maintain a liquidity balance and avoid loan queuing.

Should a members needs exceed the regular products , then the following products are available.

- i Shujaa Loans
- ii Almasi Loans
- iii Tiba Loans
- iv Jongea Loans

Shujaa Loan

The product is available for members with high savings, but with pay slip limitations to service a loan for the required 5 years. The loan is awarded 5 times the members' savings and recovered in 6 years. Interest on this loan is 1.5% p.m on reducing balance. Members on this loan should remit 5,000/= to the SACCO as minimum Share deposit contributions per month.

Almasi Loan

Is an instant loan facility, recovered within 6 months with an interest rate of 5% p.m on reducing balance. The loan is capped to a maximum of Kshs 100,000/= and does not require guarantors. A witness for the loan is however required.

Tiba Loan

This is a facility for members who have not accumulated enough savings for the loans they require; The SACCO finances their required share deposits on their behalf. There is no ceiling for this loan. Interest rate is 1.5 p.m on reducing balance and repayment period is 4

Jongea Loan

The product is available for new members who have not matured for regular loan facility by attaining the six months requirement. Maximum ceiling is Kshs 200,000/= recovered in 12 months at an interest rate of 2.5 % on reducing balance. 25% of the loan granted is received to the members share deposits account.

Important notes

1. There is no queuing for all the SACCO loans.
2. All loan applications should be accompanied by pay slips or other specified evidence of regular income.
3. The multiplier rate unless otherwise specified in the individual product is 3.5 the members regular savings.
4. Net pay after regular income less the total deductions for a loan put together with other pay slip deduction should not fall below one third of the basic pay.
5. Loans should be fully guaranteed and witnessed unless specified under a given product.
6. A member cannot have more than one similar product at the same time. A member can however have more than one different products running concurrently as long as this can be sustained by the pay slip.
7. Cash members should accompany their loan applications together with the following:
 - i) Where the loan amount exceeds the savings, the loan should be fully guaranteed by members on check off.
 - ii) Applications should be accompanied by a bank statement for at least six month.
 - iii) Applications should be accompanied by letters of undertaking from the member's bankers committing to remit the amount so applied for to the SACCO. This is to ensure the guarantors are not exposed to risk of default.

Ushuru Investment Co-operative

In the past, the SACCO has been slowed down by the provisions of Rule 50 (L. N. 123/2004) of the Co-operative Society's Act 2004 which restricts the operations of a co-operative to its core activities i.e. incase of a SACCO, saving and credit

This restricted the activities of the SACCO to "facilitation of land acquisition" by members only. A number of members have subsequently not been able to add value to the acquired plots. With this milestone in the history of our Society, members will have a variety of choices in terms of investment which will go a long way in improving their livelihoods.

The objective of the Investment Co-operative is to give members opportunity to own land and residential houses at affordable prices and to pool their resources together for profitable investment ventures.

New applicants are required to complete membership forms, check-off forms and next of kin forms and submit to the nearest Ushuru office.

Applications can also reach us through SACCO delegates or by mailing directly to our offices through the address on our website. These forms are available on our website at www.ushuruSACCO.com. Members requiring any clarifications or more information can also visit our nearest office.

The following shall guide the qualification of applicants to be members of the Investment Co-operative as per Section 5 of the by-laws of the investment co-operative:-

- 1) They should be Ushuru SACCO members.
- 2) Other employees of K.R.A are accepted.
- 3) Employees of Ushuru Investment Co-operative.
- 4) Any other member as approved by the Annual Delegates Meeting.

Members are required to make the following payments;

- 1) Entrance fees of Kshs. 5,000/= payable at once through check off or cash.
- 2) Accumulate at least 300 shares of Kshs. 200 each. This can be done through check off or cash. Members have the option of one off payment or in a maximum six months instalments.
- 3) A minimum of Kshs. 3,000 per month as monthly deposit when minimum shares have been paid up. Similarly a member can opt to make payments through check off or cash.
- 4) For more information on membership and contributions, please visit our website at www.ushurusacco.com



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Introduction

Happy New Year members! It is indeed a privilege for all of us to have had God's favor to cross over to the New Year 2014. The year 2013 was another year full of learning experiences for all of us. In the course of our day today interaction with members, we came across number of areas which quite a number had problems understanding. It is our responsibility in line with 5th co-operative principle to have members educated on such areas. My presentation will cover these areas together with any other issues that members may have to raise as far as the SACCO operation is concerned.

Loan Processing

Our Core business line remains accumulating savings from members and advancing the same back to them as loans. Over time, we have been able to successfully eliminate the inefficiencies that existed in the past as far as loan granting is concerned. Loan queuing has been completely eliminated. Loan disbursement is now electronic. Loan turn around time is two days from the date we receive the forms at the head office. Any delays should be promptly followed up and prompt action will be taken to fast track the same. Members are urged to exercise utmost integrity when

taking loans. We have witnessed a quite a number of applications being accompanied with fake details including guarantors, witnesses and most rampantly – pay slips.

Website and Web Portal

The society has a website complete with a web portal as elaborately highlighted during last years education. The portal enables members to access vital information including their statements on real-time basis. Also in the web portal are the personal details which members can amend and submit online and a loan calculator too. So far, less than one quarter of members use this service. We encourage members to actively make use of this service so as to achieve their maximum utility.

M-SACCO

Last year, the SACCO rolled out mobile phone services to members. Through this service, members are able to make share deposits, loan repayments and to withdraw from their investment savings from the comfort of their cell phones, among other features. Again, members are not utilizing this service as expected. Please make use of this very exiting SACCO transaction platform and save on time, money and the hustles of having to do all these by visiting the SACCO offices.

Risk Management Fund

The Society operates a Risk Management Fund which covers member's loans in case of death or permanent incapacitation. In addition, the SACCO gives Kshs 20,000/= from this fund as burial and benevolent cash in case a member dies. A monthly contribution of Kshs 300/= is made by all members to this fund. In case a member is withdrawing from the society half of this amount is refundable back to the member.

Cut off Dates for Check off.

The SACCO Cut of date for all check-off variations is the 4th day of every month. This is to ensure that such changes are processed and submitted to the various payrolls on time. We plead utmost indulgence from members on this as the employer is not flexible at all when it comes to cut off dates. Check off forms received after the cut off date shall be processed and submitted to various payrolls in the subsequent month.

Excess (erroneous) deductions

The society strive to ensure that member are not deducted what is not rightfully due from them, either in form of share deposits, loan deductions or any other payments. However, it is not practically possible to reduce this to zero. This due to a number of factors, for example, management of payroll data is with the respective employers and thus absolutely out of control of the SACCO. However, where such wrongful deductions have been detected, members are requested to lay claim to the same as soon as they can. The claims should be accompanied by the most current pay slips bearing the deductions. Such refunds shall then be channeled to the respective members' accounts within two days from the date of receipt of the claim.

Correspondences

We continue to advise members that correspondences with the office relating to membership services should be addressed to the National Chairman of the SACCO. Administrative correspondences should be addressed to The Chief Executive Officer. The correspondences should bear member number or employment numbers for reference and signature of the author. E-mail correspondences are accepted subject to telephone confirmations from the office.

Cash payments and standing orders

We have continued to witness a number of members making direct payments to the bank either in cash or through standing orders, either to accelerate their loan repayments or to enhance their savings. This is an acceptable and commendable gesture. Upon making such payments, members should submit the pay in slips to the nearest SACCO office so that their records are correctly updated. This should be done as soon as the deposits are made or not later than the 4th day after the end of the month. Late submissions results into accumulation of un reconciled deposits which may be costly for the SACCO as has been witnessed in the past. A minimal penalty will be levied of such late submissions as may be determined by the Board from time to time.

Share boosting

A number of members continue to make cash injections with the intention of an immediate loan. The policy is that such injections take 3 months to mature and qualify for loan. In case of urgent need arising, the Board should be notified of the same in writing thereafter which consideration shall be made on a case by case basis.

Awards

During the last Ushirika day, the SACCO received trophy for being the 3rd highest average saver in the parastatal sector.

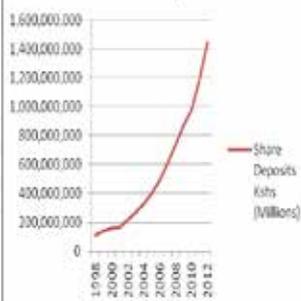
Financial performance

Below is the summary statistical analysis of the SACCO performance for the last 15 years More Details are available on the Sacco website.

Membership



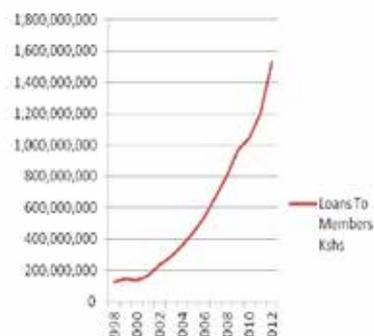
Share Deposits



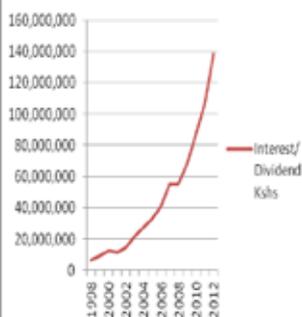
Average Dividend/ Interest (Percentage)



Loans To Members



Interest/Dividend Kshs



THE BRANCH OFFICIALS

Nairobi Branch



Caroline Malimba
Secretary



Walter Murabula
Chairman



Philip Osia
Treasurer

Mombasa Branch



Christine Mkangi
Secretary



James Kato
Chairman



Mary Mwandoro
Treasurer

Kisumu Branch



Lukas Moka
Secretary



Fredrick Musungu
Chairman



Irene Moraa
Treasurer

Eldoret Branch



Martin Keverenge
Secretary



Onesmus Nzuki
Chairman



Sarah Dola
Treasurer

VISION

To be a leading world class preferred and trusted SACCO in the provision of unique, quality and highly efficient services to members.

MISSION

To provide timely and conveniently innovative, competitive, affordable as well as accessible products and services

SLOGAN

"Huduma Maradufu"

Nairobi Office
Fordha House, off Ngong Road
P O Box 52072-00200, Nairobi
Tel: 020-2719660

Mombasa Office
Customs House
P O Box 90601, Mombasa
Tel: 041-2314044/5 Ext. 3175

Kisumu Office
Customs House
P.O. Box 94, Kisumu
Tel: 057-42396

Eldoret Office
Kiptagich House
-KRA Offices
P.O. Box 402, Eldoret
Tel 053-32175