

Enhancing Financial Innovation & Access (EFInA)

Building academic and management capacity
for developing financial co-operatives

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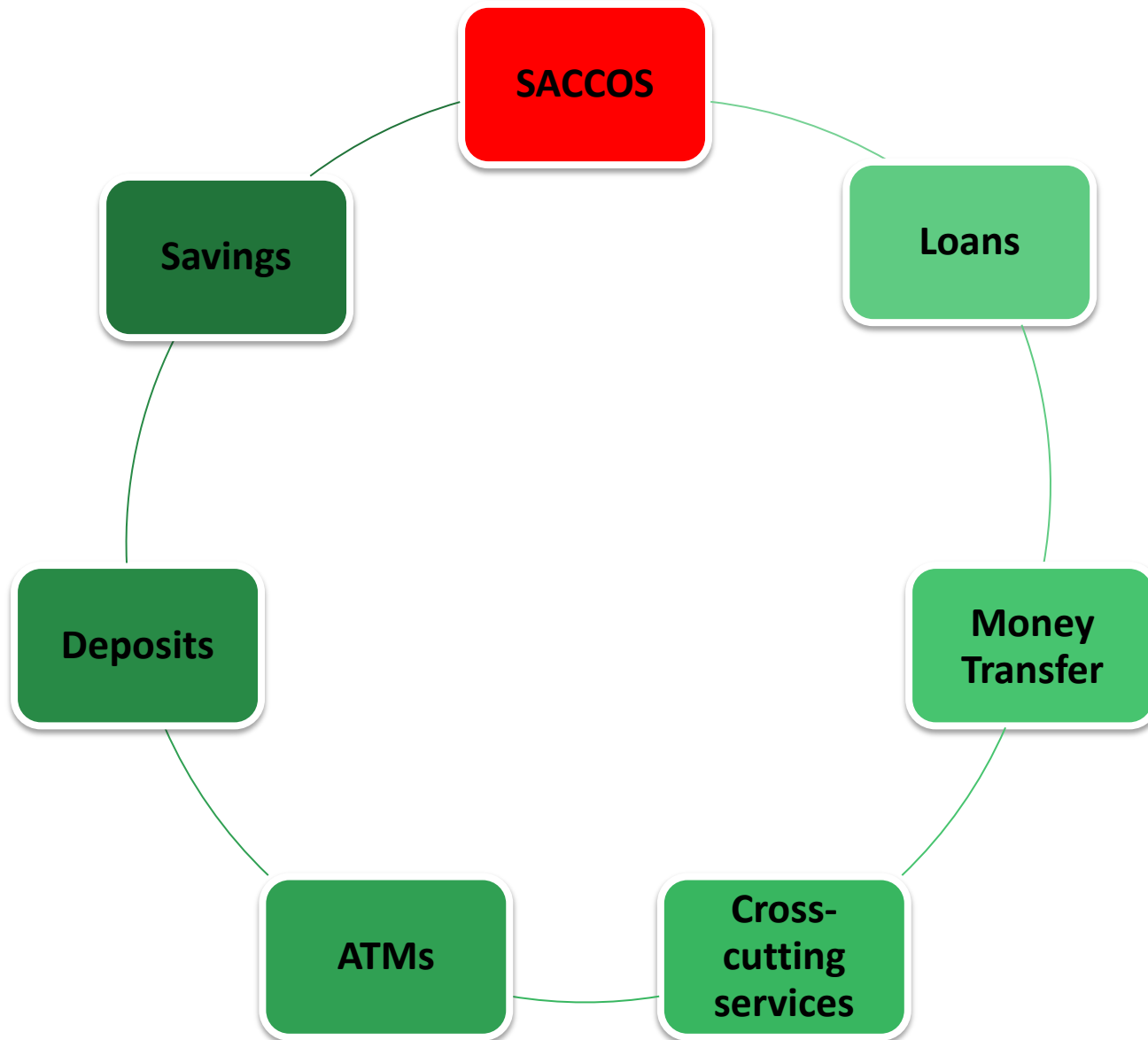
Objectives of Presentation

- ❑ The main objective is to examine the development of academic and management capacity of financial cooperatives (SACCOS) in Africa. Specifically :
 - To explain briefly Financial Cooperatives (SACCOS) globally, continentally, at country level for Nigeria and Tanzania
 - To explain briefly the academic and management capacity building to SACCOS by MUCCoBS in Tanzania
 - To examine improvements for academic and management of SACCOS in Nigeria
 - To discuss ways forward for the development of academic and management capacity of SACCOS in Nigeria
 - To come up with an action plan

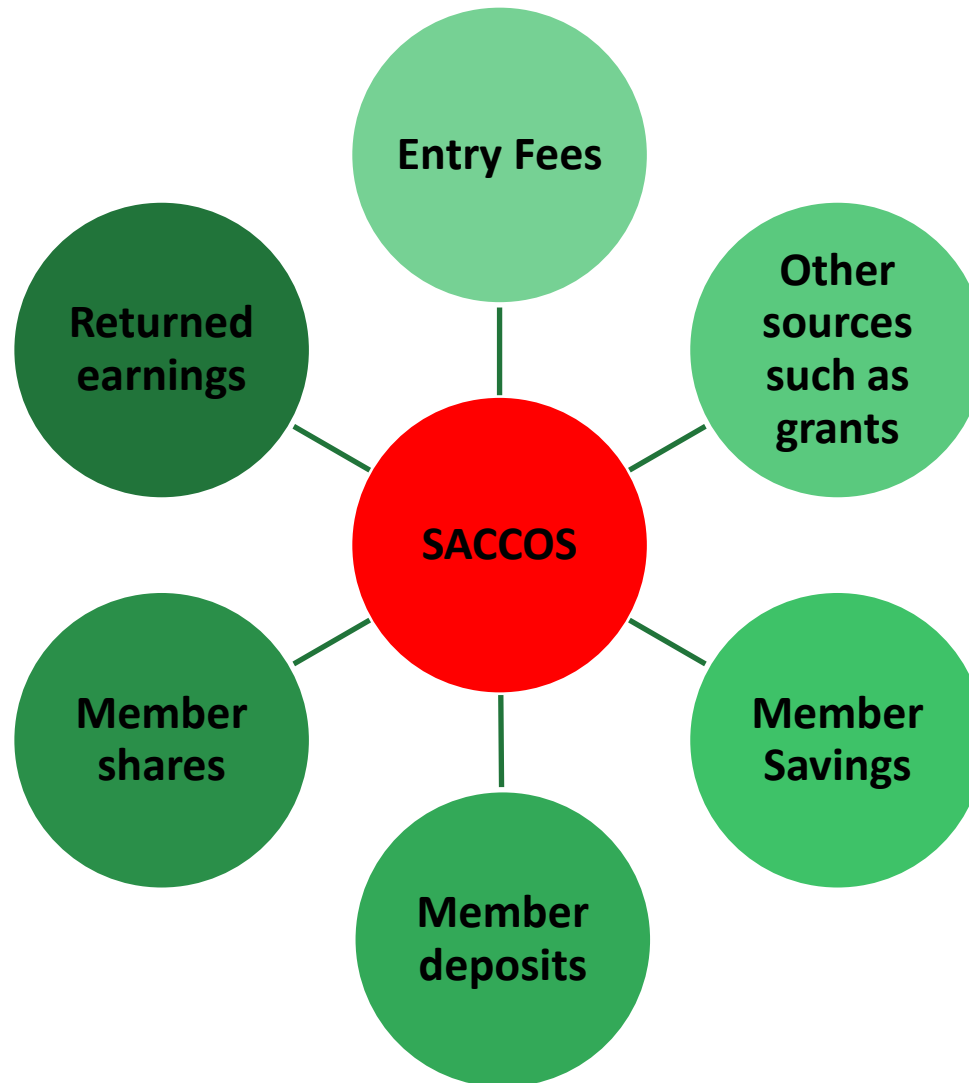
About SACCOS

- ❑ The history of SACCOS can be traced from the Rochdale Pioneers in 1844 in Germany. In 1892 the Canadian, Alphonse Desjardins set the pattern of SACCOS today
- ❑ In Africa the idea of SACCOS was first introduced in Ghana in 1955. SACCOS in Tanzania have been in existence since 1960
- ❑ SACCOS are co-operatives established under applicable law with the principal objective to encourage thrift (using money carefully and wisely) among its members and to create a source of credit for its members. They can be classified as semi-formal microfinance institutions who work based on cooperative principles and microfinance policy
- ❑ SACCOS distinguish themselves from one another according to features of the membership. In Africa, common bonds are usually around:
 - Territorial neighbours (geographical, village, neighbourhood SACCOS),
 - Occupational (company or business SACCOS),
 - Associative basis (women SACCOS)
 - Social category (SACCOS with homogeneous membership such as praying in the same church/mosque)

Services provided by SACCOS



Sources of funds to SACCOS



Determinants of SACCOS success or failure

- ❑ SACCOS face various challenges which can cause them not to function adequately. The factors/determinants which contribute to the success or failure of SACCOS are as follows:
 - Sustainability
 - Outreach
 - Age - years of existence
 - Governance
 - Welfare management
 - Member-based factors
 - Number of active members
 - Attitude of members towards their SACCO
 - Entrepreneurial characteristics

Determinants of success or failure of SACCOS

Sustainability

- Depth of common bond i.e. how binding is what holds the group together?
- Financial self-reliance of the SACCOS (Feasibility study)
- Growth of value of shares
- Growth of value of savings
- Growth of value of loans
- Percentage repayment rate 100% to 95% of loans should be observed

Outreach

- Number of villages/area covered by the SACCOS
- Minimum amount of savings which can be accepted by SACCOS
- Level of education of members
- Growth in number of members

Determinants of success or failure of SACCOS

Age- years of existence

- Number of years of existence of SACCOS (success depends on how old the SACCO is); in most cases the older the SACCO, the more successful it is
- The young SACCOS are told this to avoid frustration

Governance

- Members develop the idea of formation of SACCOS
- Election of leaders regularly- at least every three years is practiced
- Participatory decision making is practiced
- Leaders are accountable
- The audited reports are made open to members
- Number of board meetings have been as planned
- The committees hold meetings as per scheduled
- The SACCOS have suggestion box

Determinants of success or failure of SACCOS

Welfare Management

- Number of trainings offered per year
- The time between the day of application for loan to loan disbursement to member

Member-based factors

- Number of active members for SACCOS- an ideal number would be 154
- Attitude of members towards their SACCOS should be Positive
- Members should have entrepreneurial characteristics. Entrepreneurship and business skills training should therefore be encouraged

These factors are considered when developing curriculum and programmes at MUCCoBS. A training need assessment is done prior to program development and all stakeholders of the co-operative sector are involved. This ensures that the programs are efficient and the graduates are marketable.

Moshi University College of Co-operative and Business Studies (MUCCoBS)

- ❑ MUCCoBS is a constituent college of the Sokoine University of Agriculture (SUA). It replaced the former co-operative college that had existed for the last 45 years. It was declared a university college in 2004. recommendations have been made for MUCCoBS to be a full fledged university.
- ❑ The academic functions of MUCCoBS are organized into the following six arms
 - The Faculty of Co-operative and Community Development (FCCD)
 - The Faculty of Business and Information Sciences (FBIS)
 - Directorate of Research and Postgraduate Studies
 - Directorate of Consultancy Services
 - The Institute of Continuing Co-operative Development and Education (ICCDE), which co-ordinates all outreach programs implemented through 13 Regional Wings throughout the country and
 - The Directorate of Library and Information Services that focuses on provision of information

Through a set of programs being taught at the various arms, MUCCoBS is able to build capacity for developing SACCOS as well as support the management of SACCOS.

For Management of SACCOS

- Short term programs (according to demand)
- Grassroots' programs
- Residential programs
- Distance learning programs
- Long term programs (certificates, diploma, degree, postgraduate diplomas, masters and currently PhD) such as the Foundation certificate in SACCOS management, Bachelor of Arts Co-operative Management and Accounting

For Academic Capacity building

- Training (Long term & Grass-root)
- Research
- Consultancy
- Community services

Moving Forward- Recommendations for Nigeria

- ❑ The contribution of co-operative colleges to the development of financial co-operatives can be done by:
 - Expanding outreach of the current, existing colleges by opening more branches in various states
 - Developing and reviewing programs by demand from the industry. Essentially engaging all stakeholders in the development of relevant and appropriate curriculum
 - Cost-sharing/Matched funds - government and other stakeholders can collaborate to finance programs in order to encourage self-reliance among co-operators

Conclusions

- ❑ SACCOS remain a critical and important financial institution with the ability to reach people in both urban and remote rural areas

- ❑ In order for SACCOS to be successful:
 - Governments must create a favourable environment to support their development and growth
 - Through training needs assessments and research co-operative training institutions should identify, develop and review programs continuously.
 - Partnerships between co-operative training institutions and other stakeholders should be emphasized
 - Continuous education to small/ pre-co-operative groups (those in the process of being formed) should be encouraged. These groups although small can grow to become SACCOS or several of them can amalgamate to form a SACCO

THANK YOU

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