THE Co-operative

THE VOICE OF THE CO-OPERATIVE MOVEMENT

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The Co-operative Alliance of Kenya
P.O. Box 27162 - 00100 Nairobi

Marketing Executive

CAK Staff

Email: info@cak.coop

Editor: mwanikijwahome@gmail.com

CO-OPERATIVE ALLIANCE OF KENYA LIMITED

The National Apex for Kenya's Co-operative Movement

Co-operative Alliance of Kenya Profile

About Us

We exist to strengthen the Co-operative Movement in Kenya by lobbying and advocating for favorable legal and policy environment. We forge a united front in enhancing collaboration, networking, representation and the promotion of the growth and development of the Co-operative Movement. We are non-political and promotes the social and economic wellbeing of all its members irrespective of their political affiliations. We operate on the principles of integrity that promote honesty and transparency and accountability while shuns ills such as corruption, drug abuse and human rights violations.

The Co-operative Alliance of Kenya (CAK) is the National Apex Organization for Kenya's Co-operative Movement. Its membership is drawn from over 14,000 registered Co-operatives that include the National Co-operative Organizations (NACOs), Co-operative Unions and Primary Co-operative Societies. The individual members to these Co-operatives are over 10 million with mobilized savings of over Kshs. 250 billion or 30% of National Savings. Those employed in the sector are over 555,000 persons.

Membership is open to all cooperatives able to use their services and willing to accept the responsibilities of membership, without gender, social, political, racial, or religious discrimination.

To ensure that the interests of our members are safeguarded, our staff proactively engage with the relevant leaders of every society in order to identifies contemporary challenges which inhibit the growth of their societies to enable CAK to better looby for better environment in which the societies operates.

Mission Statement

To articulate and promote the interests of the Co-operative movement locally and internationally for wealth creation and social development.

Vision Statement

To lobby and advocacy for a favorable legal and policy environment through collaboration, networking, representation and the promotion of the growth and development of the Co-operative Movement.

Letter From
CEO

As 2021 comes to an end it's important to celebrate the resilience that cooperative movement has shown for the second year running in a period of great difficulty due to slow down in the economy induced by restrictive Covid-19 protocols, meant to curb spread of the disease. It encouraging that the Savings and Credit subsector has continued to offer its members the financial support despite the attendant difficulties.

Through this period, the sector has demonstrated that values and principles of solidarity, democracy, good governance and responsibility offer needed flexibility to wither any challenges thrown to the cooperatives. Some of the lessons learnt include the need to invest more in mobile money platforms to improve on the efficiency in serving the members.

In the years we successfully held the 99 Ushirika Day celebrations during which we recognized the resilience of the sector, and reflected on the future sustainability of our development model through improved governance and management. We shall be looking forward to even more rewarding 2022 as the movement enters another stage, with the much anticipated Cooperative Policy finally being concluded. It is expected the Policy currently at stage of stakeholders' participation will change the architecture, management, interactions and outlook of the cooperatives and place them on a faster growth trajectory.

Among the profound proposals is that the Savings and Credit Societies will now have a window inter-borrowing, sharing of credit information which will cure the cash flow problems and improve on the financial management. The reforms are expected to enable the sector to better cope with the demands of the fast changing economic environment and participate more in housing, health, food security, and industry. There is evidence globally, and in Kenya that where stakeholders work together, they transform members, communities and countries.

Next year, the country will see heightened political activities as we head towards the August general elections, and hopefully there will be no interruption of the economy to enable faster recovery of the cooperative movement. There is evidence that elections have often led to poor performance in agriculture, which has a direct impact on food security and the welfare of the people, and it is prudent that as cooperators we guard against this even as we participate in our civil duty of electing new leaders.

Therefore as we celebrate December festivities, let us remember our plate is full next year, and we cannot afford to seat on our laurels.

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Message From
Managing Editor

December festivities is time to celebrate achievements of the year, and January ought to bring a reflection of the year ahead and a determination to achieve set goals.

In this issue, we highlight how potential home owners can access mortgage from the Kenya Mortgage Refinancing Company.

The ownership of a home is the most cherished goal for many, but the cost has been exorbitant, edging out many medium income earners. Through affiliate primary mortgage companies, the KMRC intends to offer single digit unit interest rates on borrowers who want to build houses of up to Ksh4million in Nairobi and Ksh3 million in other parts of the country.

It is exciting that some selected Savings and Credit Societies are participating- a first in the country. Many have built homes through loans borrowed from savings and credit societies, with their well-structured loan repayment system, particularly for the medium to low income earners. And this KMRC mortgage adds to the menu of choice, as unlike the Sacco loan where one is expected to pay within a period of about four years, the mortgage period is expected to be between 20 to 25 years. It is against the background that we head for the December festivities- full of hope. Even more, the National Cooperative Policy is at the tail end of being concluded, with potential to spawn unprecedented growth in the cooperative, meaning more wealth creation for the cooperators.

Kenya is ranked number one in Africa and number seven globally, and CICOPA in 2018, ranked it among the best four in the world in offering many decent jobs. This position is however boosted by the Savings and Credit Societies subsector, and the producer and consumer entities are yet to take a firm ground like their peers in the US and Nordic countries by venturing into huge business like in transport, real estate, retail outlets, manufacturing, and the like. In this issue, there is s story that highlights a trend in Europe of community owned and managed supermarkets, which in essence are a challenge to our nascent producer and consumer societies of the opportunities that exist in manufacturing and marketing value chain.

Such goals can only be realized in an environment that encourages savings for investment, rather than consumption. It will require training, expansion of production and technology transfer to spur greater growth, and unlock the potential. In 2022, the Cooperative Policy that will transform the structure, management, operations and organization of the movement is expected to kicks-in. Therefore as we celebrate, let us also reflect on our contribution to personal development and that of the society through our collective resources.

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Harambee Sacco eyes Post-Covid-19 growth

In hard economic times, some organisations remain resilient and look into the future with optimism. The temporary challenges become learning experiences. In this cadre, you will find Harambee Sacco Society that has posted an impressive growth in revenue against the backdrop of increased membership and enhanced adoption of ICT platforms for service delivery. Buoyed by recruitment of 3000 freshmen in National Youth Service and the National Police Service and enhanced used of internet banking that has contained transactional costs, the trusted financial provider for administrators and disciplined security cadres steadily grew its gross revenue from Ksh3.2 billion from the previous year's Ksh 2.5 billion, representing 28 per cent this year up to end of September.

The remarkable feat came at a time when the economy was buffeted by effects restrictive Covid-19 protocols, like social distancing, and reduced business hours, slowing down the economy.

However, the Sacco's Chief Executive Officer, Mr George Ochiri is optimistic that the worst is now behind them, with the opening of the economy, saying the Sacco is set to scale greater heights of growth- expanding its reach in branch foot print and opening up agencies in strategic areas to serve their members better.

During the year, the Sacco registered an impressive asset portfolio growth to Ksh 34 billion from Ksh 32.5 billion while the loan uptake went up by 11 per cent from Ksh22.7 to Ksh 25 billion. And despite the early challenges of panic withdrawals, delayed remittances, and inability of members to pay loans on time, the non-performing loan portfolio declined from 1.8 per cent to 1.6 per cent.

"Initially, after the onset of Covid-19 in March 2020, we introduced staff rotation program for six months and moved most of our transactions to the ICT platforms. In the first few months, there was some resistance from some of our members, but slowly, this has been accepted as a delivery channel for our services," he said.

So far, the Sacco has managed to push 70 per cent of their financial service transactions through internet banking, improving service delivery and cutting down on transactional costs.

The onset of Covid-19 saw the Sacco hit by panic withdrawals as some members, uncertain about the future, feared that they wouldn't have enough funds to meet their financial obligations. However, the members soon gained confidence that the Sacco was stable and the Covid-19 challenge was temporary. Some of the members, kept off business, in tandem of the slowed economy.

"Generally, the foot print was down with several areas where we transact business having slowed down or closed, like the education sector which is responsible for most of the loan uptake. While we lost business as a result of closure of schools, this has since changed with the reopening, and we are also seeing more long term borrowing," Mr Onchiri said.

However, the Sacco management had to restructure loan repayment period for some members' from 72 months to 84 months, after the Government withdrew tax reliefs offered in 2020, leaving them with little to meet their loan obligations.

"When the government withdrew the tax reliefs some members were drastically affected and loan default went up. We introduced 84 months product to cushion the members and relieve them from financial pressure," he said.

Some of the challenges that continue to confront the Sacco is non-remittance or delayed remittance for the Counties, slowing down cash flow.

But on the positive side, the shift to virtual staff meetings and Annual General Meetings from boardroom meetings reduced transport costs and allowances, affording the Sacco, some cost savings. The Sacco also reduced costs related to marketing and trainings as it sought to adhere to the Covid-19 protocols.

Despite the harsh economic environment, the Sacco is well on course to implement its strategic plan of expanding its branch network to serve its members better.

"We have opened five agent points so far, and we plan to have fifty of them offering services by the end of the year. Our plan to open up a branch in Nanyuki has been put on hold for the moment as we see how the business environment turns out,"

The CEO said, adding that the future holds great hope for growth.

"We are seeing a return to normalcy, with businesses coming up, but we are cautious that the August 2022 elections may bring a challenge,' he sums up.

KMRC brings Cooperators closer home

Mortgage accounts poised to increase with KMRC launch

In Kenya the mortgage market has been an exclusive and highly conservative affair - providing few high net worth individuals with short term loans to buy houses -but things are about to change with Kenya Mortgage Refinancing Company seeking to open up the market by driving down prices through concessional funds channeled to primary mortgage lenders.

Even more enticing is that for the first time, the mortgages will be channeled through Savings and Credit Societies and Micro-finance institutions, providing over 14 million co-operators in the country with an opportunity to own houses in more stress-free way.

The inclusion of these two financial institutions in mortgage lending is already attracting interest from some countries that are studying the model with the purpose of adopting it.

The Chief Executive Officer, Mr. Johnstone Oltetia says the inclusion of Saccos and Microfinance institutions will expand the reach of mortgage lending to the lower income earners, diversify from traditional lenders and enhance effective competition, hence driving down the interest rates in the long term.

"KMRC has set precedence in the world as being only mortgage refinancing company that has included Saccos and Micro finance institutions in its model. We are setting trend by having a number of countries and jurisdictions studying KMRC model because of the inclusion of Saccos and Microfinance institutions," he says.

He adds *"The purpose of having Saccos is because you widen outreach and the Saccos have been playing key role in housing through personal loans by buying land and incremental house development and that role was recognized when KMRC was being formed (August 2018),"*

In 2019, there were 28,000 mortgages in the country worth Ksh233billion, which declined to 26900 mortgages worth 238billion in 2020, partly due to slowdown in economy due to Covid-19 restrictions, meant to curb spread of the disease.

Nevertheless, mortgage experts, have maintained that with the size of the economy currently estimated at annual growth of 10 billion US Dollars in Gross Domestic Product, the numbers are dismally low and has potential of over 1 million mortgages.

The co-operators who borrow loans to build homes, repayable in not more than three years are expected to get relieve as KMRC mortgage targets those who wish to build houses worth not more than Ksh4million within Nairobi and Ksh3 million elsewhere in the country at a longer repayment tenor.

In pursuit of this objective, KMRC is on a marathon to raise funds for onward lending to the 20 participating primary lenders, of which six are in cooperative sector.

"We will issue a bond which we anticipate to hit the market by the end of the year. We will ensure affordability through blending the funds from capital market and concessional funds. It's the cost of the funds that determine the lending rates. We are looking at a medium term note of Ksh10 billion, but we shall be reissuing tranches overtime to get the money we need," he says.

To bring down the costs, there is a study on digital credit assessment going on to be used by primary lenders to enable easy profiling of informal income earners with erratic income, but whose stream of income is able to pay mortgages to bring more potential home owners on bound.

However he says partly the cost of mortgage is determined by efficiency or inefficiency in such systems as registration process, incidental costs like legal fees, valuations, environmental impact assessments, government access

Requirements for one to qualify for KMRC funded homes

- Should not be earning more than 150,000 per month in the household
- Identify the house you need- Nairobi upto Ksh4 million and Ksh3 million elsewhere in the country
- Identify appropriate land with the requirements of environment, without disputes and not on government land or road reserves.
- Approach the KMRC affiliated primary mortgage providers

Kenya Cooperatives cited globally for coping well with COVID-19 induced economic slowdown

As last year's World Cooperative Monitor report (EURICSE-ICA, 2020) highlighted, cooperatives were also severely impacted by COVID-19, but nevertheless took actions to address the challenges posed by the pandemic, confirming the resilience they have shown in previous periods of crisis. During the year and a half of this pandemic, agricultural cooperatives, for example, make it possible for small producers to share risks and to access the market and reinvest in their own activities.

The activities promoted by housing cooperatives in Central America demonstrate their ability to promote the well-being of vulnerable individuals and, more generally, of the communities in which they operate. Solidarity and social networking are the keywords behind the initiatives promoted by Italian consumer cooperatives, which, having registered an increase in their revenues during the pandemic months, donated their profits to local community cooperatives.

To further explore actions taken by large cooperatives, the World Cooperative Monitor team carried out a series of interviews with large cooperatives around the world to assess the impact of COVID-19, their reactions in the emergency as well as the actions they plan to implement in the recovery phase. Thanks to the support of the International Cooperative Think Tank, the World Cooperative Monitor team interviewed 29 large cooperatives across the five continental areas with the aim of focusing on their actions during the pandemic and exploring the actions they aim to implement to ensure a more sustainable and inclusive recovery.

The analysis of the data collected found – unsurprisingly – that the extent of the actions promoted by cooperatives depends, first, on the severity of the COVID-19 impact in the territory in which they operate. Second, in the regions where the spread of the virus has been greater, the interviews clearly show that cooperatives are still strongly oriented towards the management of day-to-day activities in an emergency situation with actions that have now become part of the daily life of many people.

All cooperatives interviewed had introduced procedures for hand sanitizing, the use of masks and airway protection, teleworking, and other safety devices for workers, members, and clients. Consumer cooperatives, such as the Japanese Consumers' Co-operative Union (Japan), enhanced home delivery services to deliver groceries to members' homes; some, such as Coop Norge (Norway) through agreements with the national postal service, others by mobilizing volunteers as in the case of The Midcounties Co-operative (The United Kingdom), which engaged more than 1,000 volunteers and 100 community groups to make over 100,000 deliveries to members.

Several actions were promoted by the large cooperatives interviewed to support their members and communities during the pandemic. In several countries, agricultural producers have experienced declines in sales due to the temporary cessation of activities of restaurants, bars, or other clients. In Japan, for example, in the spring of 2020, schools were shut down and the demand for school meals suddenly disappeared. Since schools are the main customers for milk, some milk producers suffering from stockpiled inventory posted messages on social media that they would start dumping milk unless they found alternative demand. Consumers responded to the posts, started encouraging milk drinking, and the consumption of milk increased. Zen-Noh supported the spread of the message by tweeting creative ways of consuming milk. One of the posts was retweeted more than 150 thousand times and gathered 350 thousand likes.

Insurance and credit cooperatives have activated tools, in some cases promoted at the government level, to alleviate the debt position of families and businesses in the months of the pandemic, and also plan medium- to long-term actions to support the activities of their members during the recovery phase. *For example, the Kilimanjaro Cooperative Bank Ltd. (Tanzania) granted funds to cooperatives for purchasing crops and storage since, due to a lack of exports, many crops had rotted and very few were actually sold.* The Co-operative Bank of Kenya Ltd. (Kenya) foresees, in the midterm, granting moratoria on interest and principal repayment, restructuring loan repayment, and short-term financing for operations, while the Odua Cooperative Conglomerate Ltd. (Nigeria) plans to inject funds at low interest rates to help their members continue growing.

The Federación de Asociaciones Cooperativas de Ahorro y Crédito de El Salvador (El Salvador), which aims to facilitate lines of credit for microenterprises, takes the same position with the idea that making services more accessible will help reactivate the economy. As immediate support for communities, several cooperatives launched programs to donate medical products or funds to support families and economic activities. Examples are the actions promoted by the Indian Farmers Fertiliser Cooperative Limited (IFFCO) and the Krishak Bharati Cooperative Ltd (Kribhco) in India. Due to the pandemic, which hit India hard in recent months, hospitals are running out of oxygen to treat patients in many areas of the country. IFFCO and Kribhco are building oxygen plants in different areas of the country that will supply the health sector for free. The situation in India has raised attention in several areas of the world. In the UK, a number of British retail members expressed the urgent need to extend their collective support and solidarity to their Indian colleagues, therefore Co-operatives UK coordinated a funding call to support cooperative members in India during the escalating COVID crisis across the country. Funding for essential medical equipment was granted to SEWA Co-operative Federation which currently works with 106 women's co-ops all around India. The Istituto Trentino Alto-Adige per Assicurazioni (ITAS, Italy) donated personal protective equipment and medical devices for the region as well. Moreover, shareholder's representatives donated their fees for some voluntary associations, and the mutual organization implemented a one million "benefit of mutuality" to help insured members most affected by the pandemic crisis, specifically commercial and tourism businesses. Along the same line, the Kenya Union of Savings and Credit Co-operatives contributed toward a kitty, and the money was given to vulnerable members in the form of shopping vouchers to cater to their basic needs. Likewise, Sancor Seguros (Argentina) organized a collection among the company's employees to contribute to different institutions, non-governmental organizations, food banks, hospitals, etc. A direct contribution from the company was added to the amount collected. Moreover, North Foodstuffs (New Zealand), together with Foodstuffs South Island, supported (and continue to support), 54 social organizations across New Zealand that fed, supported, housed, and lifted up those who were adversely impacted by COVID-19. Mid and long-term measures to innovate the business Plans for medium- to long-term activities of other enterprises interviewed mainly relate to reorganising future activities to ensure the smooth running of the organisations, but the interviews also revealed interesting medium- to long-term actions that impact not only the life of the cooperative, but also elucidate the role that cooperatives may assume in the recovery phase and in the years to come. S Group (Finland), for example, with the goal of being prepared for various disturbances and exceptional situations as well as ensuring continuity during times of crisis, is working on processes for procurement, distribution, and storage activities. Together with other companies and authorities, it is also working to develop security for the supply of grocery products.

Imarika
DT SACCO
'Together, we grow'

Happy World Savings Day 2021

Imarika DT Sacco started in 1974 with 100 members. Today 2021, as we celebrate World Savings Day, we have grown to 142,300 members, Kshs 10.57B Total Assets, Kshs 9.39B Loan Book, Kshs 1.57B Annual Turnover with stable PAR of 6.5%. Join us and enjoy the following services among others:

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- Malaika Junior Saving Account
- Ordinary Savings Account
- School Fees Account
- Medical Account
- Ekeza Savings Account
- Current Account
- MSCA Group Savings Account
- Fixed Deposit Account
- Jipange Account
- Holiday Account

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Resilience is found in numbers:

MESSAGE BY DANIEL MARUBE, CHIEF EXECUTIVE OFFICER, COOPERATIVE ALLIANCE OF KENYA

This year's International Co-operatives Day, locally known as Ushirika Day, is being celebrated today under the theme, "***Rebuilding Better Together***". This is in realisation of the great role that co-operative play in alleviating poverty in the country.

The theme is at the core of post-Covid-19 recovery through the principles of democracy, solidarity, equity and mutual interest.

The celebrations this year is a time to showcase the benefits of being co-operators, for in many, there is strength.

It is unfortunate that for the second year running, we are not holding the traditional gatherings due to the Covid-19 protocols. Instead, we are hosting virtual meetings.

We are also celebrating Ushirika Day against the backdrop of economic hardships induced by restrictive Covid-19 protocols, like social distancing and lockdowns, which have led to business closures, job losses and reduced incomes, whose net effect is slowdown in the economic performance.

Co-operatives have not been spared the devastating effects of the slowed economic performance, for sectors like hospitality, tourism, transport, horticulture and financial, where co-operatives are entrenched, have been the hardest hit.

As a result, there have been cases of reduced and delayed remittances that have a negative effect on cash-flow in these financial co-operative institutions. It is however encouraging to note that universities have started paying remittances to the Saccos of their employees that had been delayed for a long time, showing that there are splotches of light even in darkness. We appeal to other employers who have not been prompt in remitting savings to employee Saccos to follow suit.

> ***We encourage co-operators to enhance their savings while borrowing wisely. The management should invest more wisely in instruments that bring quick returns***

Among the effects of Covid-19 is loss of income, which has reduced the ability of some co-operators to increase the savings, and at worst, repay loans, leading to their rescheduling and restructuring. Some individuals have depleted their savings as they seek to meet immediate financial obligations. In nutshell, the Covid-19 period has presented challenges and exposed opportunities inherent in the sector, which if exploited, could enhance resil-

Let's cooperate even more post-covid-19

ience and enable it to play a greater role in development.

For example, in the endeavour to continue serving their members, some Saccos have invested more in ICT and expanded the service offering through virtual platforms. Where most members used to flock the halls to access loans, repay loans and even seek their account balances, today, these services are available through ICT platforms.

The bottom line is that this has enhanced efficiency in service delivery that will be with us long after the threat of Covid-19 is wiped out. Other lessons that have been learnt is on prudent use of human and other resources, with some working from home, the spiral effect of which is increased efficiency in service delivery.

Some Saccos have in the period introduced new products to meet the immediate needs of their members. On the flipside, the members are now more acutely aware that they should keep increasing their shares and savings to accrue more benefits as access of funds from other institutions become increasingly difficult.

Furthermore, these financial centred co-operatives have learnt some lessons in prudent risk management to absorb shocks that might occur from internal and extraneous sources. It is worthy to note that most Saccos were still able to offer loans and dividends to their members despite the harsh economic environment.

In agriculture centred co-operatives, we are greatly pleased to note that Covid-19 has had negligible negative effect, while the government led reforms in tea, coffee and sugar sectors are expected to result in increased disposable incomes, which will boost individual savings.

The reforms being undertaken in these agriculture industries are consistent with the principles of co-operative movement that advocate for poverty alleviation, equity and shared prosperity.

Our strength is in numbers. With over 14 million co-operators in Kenya, and operating on the principle of business with social responsibility, we have been able to demonstrate that the co-operative model is resilient and sustainable as a driver of development.

The co-operatives, in the spirit of solidarity with members, has been distributing Personal Protection Equipment to their members, and even the communities. Perhaps out of this experience, the co-operatives will enhance their Corporate Social Responsibility outreach.

We might not have achieved as much as we had envisaged, but we are greatly encouraged that despite the slowdown in the economy, the Co-operative Movement has been a pillar of support to many members and the communities, and hope to continue advocating for people-centred development that is sustainable in all aspects, including conservation of environment for posterity.

We encourage co-operators to enhance their savings while borrowing wisely. The management should invest more wisely in instruments that bring quick returns.

If the challenges currently bedevilling the co-operative movement are handled and managed well, we are confident the Co-operative Movement will emerge stronger, resilient and sustainable into the future.

As our country prepares for industrial take-off, with the laying of modern infrastructure currently underway, we shall be called upon to use our existing co-operatives to enhance the socio-economic situation of members and the country.

REPUBLIC OF KENYA

MINISTRY OF AGRICULTURE LIVESTOCK FISHERIES AND COOPERATIVES

USHIRIKA DAY {THE INTERNATIONAL DAY OF CO-OPERATIVES} 2021

THEME: "Rebuild Better Together".

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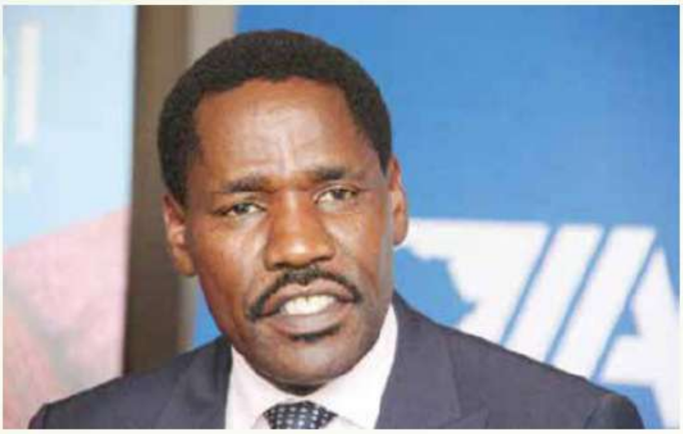
CAK CO-OPERATIVE ALLIANCE of KENYA LIMITED

Here's what we are doing as Ministry to boost growth in the co-operative sector



MESSAGE BY MR. PETER MUNYA, EGH, CABINET SECRETARY FOR AGRICULTURE, LIVESTOCK, FISHERIES and CO-OPERATIVES

It gives me great pleasure to join co-operators in Kenya and globally in marking this important day. The United Nations decided that every first Saturday of July be designated as International Co-operatives Day. In Kenya, we have religiously observed this day annually in what has become popularly known as **Ushirika Day**.

This year's Ushirika Day theme is ***"Rebuilding Better Together"***. It is quite timely and in the spirit of co-operative philosophy; pooling together our efforts for a better society. It should enable us radiate solemn solidarity within the Co-operative Movement. Indeed, the theme should prompt us to consider supportive restoration of our affected businesses. I therefore take this opportunity to urge all co-operative members to promote empathy and greater unity, particularly in these difficult times.

Our health is paramount and we must therefore remain vigilant. On this auspicious occasion, let us take stock of the strides that the movement has made despite the effects of the Covid-19 pandemic.

On this day, co-operatives create awareness of the vital roles they play within communities, societies, nations and globally. Co-operatives improve the welfare of their members and contribute to national cohesion, economic prosperity, international solidarity, equality and world peace.

Globally, Covid-19 has radically changed our way of operation and imposed a 'new normal' in the way we do our business. In addition, health, economic and social crises have been experienced, including climate change, inequality and poverty. Despite these, co-operatives have continued to offer solutions through solidarity and resilience during these challenging times, through employment sustenance and creation of equitable and socially responsible society.

As we observe this day, let us identify the needs of co-operative members and their households at the grassroots. Our interventions must be directed at meeting their needs, particularly at this moment of the pandemic.

Improvement of the welfare of Kenyans through delivery of social programmes remains the Government's focal intervention for guaranteed long-term economic development. Co-operatives have supplemented these efforts, particularly through their involvement in the Big Four Agenda of Food Security and Nutrition; Universal Health Care; Affordable Housing; and Enhancing Manufacturing.

We have formulated the National Co-operative Policy in recognition of the changing environment in which co-operatives are regulated and supervised. The theme of the policy – ***"Promoting Co-operatives for Socio-Economic Transformation"*** – is in recognition of co-operatives being business entities. It promotes integration and enhances self-regulation.

Co-operatives, as responsible corporate entities, must therefore promote good governance practices that ensure their sustainable growth and development.

In the tradition of the founders, co-operative members continue to believe in the ethical values of honesty, openness, social responsibility and caring for others. It is in line with this that the Government has put in place a raft of measures to uphold the tenets.

The Ministry is mandated with capacity-building of the Co-operative Movement because democratic governance and accountability are key factors for success in co-operatives. Such enormous responsibilities require good governance practices. The government expects co-operative leaders to create positive organisational cultures, encourage innovation and entrepreneurship. Only then shall they continue on the positive growth trajectory we all desire.

The pandemic has necessitated changes in our operations. The Government is in tandem with the evolving changes. We have embraced technology and operationalised the Co-operative Management Information System (CMIS) to automate the services. This will ease linkages with the counties and co-operative societies to enhance service delivery.

The Government is committed to the continual creation of an enabling environment for sustainability and growth of the Co-operative Movement beyond the current pandemic. The Co-operative sector will continue to be a reliable development catalyst in terms of social, economic, cultural and political progress.

The sector is a towering example of what can be achieved through unity, coming together for the common good, through hard work, enterprise, sacrifice and unyielding commitment to positive goals.

Long live the Co-operative Movement!

REPUBLIC OF KENYA

MINISTRY OF AGRICULTURE LIVESTOCK FISHERIES AND COOPERATIVES

USHIRIKA DAY {THE INTERNATIONAL DAY OF CO-OPERATIVES} 2021

THEME: "Rebuild Better Together".

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CAK CO-OPERATIVE ALLIANCE of KENYA LIMITED

Why co-ops matter big time in rebuilding the economy

MESSAGE BY MACLOUD MALONZA, HSC, MBS, CHAIRMAN, NATIONAL COUNCIL FOR USHIRIKA DAY CELEBRATIONS

Fellow Cooperators, Partners and Stakeholders: This year's International Co-operatives Day celebrations, themed ***"Rebuild Better Together"***, is time for co-operatives around the world to showcase how they are dealing with the Covid-19 pandemic crisis that has had devastating economic effects on businesses and social-cultural interactions. As a result of the pandemic, we are, for the second year running, celebrating through virtual meetings.

According to United Nations, the Co-operative Movement is vital in promoting development, alleviating poverty, and enhancing equity. The effects of Covid-19 still continues to be felt, dictating our lives and having a crushing effect on the economies around the world. The response and recovery of the economies is heavily dependent on collaborations and partnerships.

This pandemic period has served as a wake-up call that the world is interdependent and the co-operative enterprise can help in building a noble environment.

The role of the co-operative model of development, with principles of business with social responsibility, has been tested since the first case of Covid-19 was reported, with different effects in various countries across the globe.

In Africa, the pandemic has had a disruptive effect on food supply chains, exacerbating the problem of food insecurity, loss of income and increased poverty. These negative effects are still unfolding and the uncertainties remain high.

Most of the African countries now find that they have to deal with the dual challenge of addressing the new Covid-19-induced health and economic risks, and fighting the existing vulnerabilities of joblessness, tropical diseases, and poverty, also exacerbated by the pandemic, against limited and dwindling resources.

In particular, the prohibitive cost of treatment for Covid-19 patients has increased vulnerability to the least endowed in our communities, with insurance schemes keeping away from shouldering the burden of cost. This year's celebration is therefore a time to reflect on how well we can apply the principles of co-operatives that emphasise on solidarity, equity, mutual interest and shared prosperity.

In Africa, co-operatives have been at the forefront in responding to the pandemic crisis in solidarity with communities. It is encouraging to see the initiatives that have been carried out by the co-operatives, governments and other actors in fighting the Covid-19 virus.

As stated by Robert Kiyosaki, "to gain more abundance, a person needs more skills and needs to be more creative and co-operative". Therefore, we will have to re-engineer our systems to fit well in the post-Covid-19 period.

We acknowledge all the creative ideas and innovations that many co-operatives in Africa have embraced towards rebuilding better together. Some of these initiatives are collaborative efforts between the co-operatives themselves, their governments and other actors. These initiatives have strengthened and extended partnerships among co-operatives, hence the collaborative synergies from the local, regional and at the global level.

Indeed, today, more than any other time in our lifetime, the central role of co-operatives in development has fully been exposed, and its resilience and sustainability challenged in the face of shocks brought about by uncertainties of a rapidly changing world. Buoyed by the numbers currently standing at over 1.2 trillion in the world, the Co-operative Movement has presented an alternative vehicle of development, lifting many from shackles of poverty. It continues to grow each year.

In Kenya, the effects of Covid-19 on the economy continues to be felt across the various sectors, including co-operatives. The Covid-19 protocols have in some instances led to business

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closures, loss of jobs, reduced income and the resultant slowdown in economic performance.

We are celebrating today because the co-operators have been vindicated, that the co-operative model of development that is people-centred is able to stand in solidarity with its members even at the most uncertain times. Indeed, many can attest to the help – financial and in kind – that co-operatives have offered in this period of the Covid-19 pandemic.

We join hands today to rebuild better together as we reflect on post-Covid-19 period and put into action the lessons we have leant during this time of crisis. The co-operative business model has a distinctive link between formal and informal economy, hence the ability to rebuild better together.

Rebuilding better together means that we have yet been given another opportunity to think harder on how we do our co-operative businesses and align them with the principles of sustainable development. It is time to innovate and attract more co-operators, while expanding activities that will accommodate all, regardless of age and gender.

For example, the increased use of ICT in conducting our businesses during the pandemic period is a firm foundation we can exploit to improve service delivery to our members. It is a perfect time to have and promote different sectors of cooperatives like the worker platform, health co-operatives and others that will fit in the post-Covid-19 business resurgence. This will enable the co-operative movement to tap the energy and brains of young innovative people who have the urge of rebuilding better together.

As our country prepares for industrial take-off, with the laying of modern infrastructure currently underway, we shall be called upon to use our existing co-operatives to enhance the socio-economic situation of members and the country.

The need for sustainable systems in our co-operatives, even as the world prepares for this year's United Nations Climate Change Conference to be held in Glasgow in November, cannot be underestimated. We have set for ourselves, to be leaders in defence of our planet.

Let us continue embracing the co-operative business model to create employment for our youth, fight inequalities in our societies and bring hope to the larger society, underpinned by the values of democracy, equality and solidarity, paving the way for a more just and inclusive economic order.

Let us continue to strengthen and extend partnerships in the movement and with other actors.

Let us all revisit the UN General Assembly resolution 49/151 of 23 December 1994 that urged the Co-operative Movement to exploit fully its potential in contributing solutions to economic, social and environmental problems.

I wish you all happy International Day of Co-operatives.

Indeed, today, more than any other time in our lifetime, the central role of co-operatives in development has fully been exposed and its resilience and sustainability challenged in face of shocks brought about uncertainities of rapidly changing world.

DOING BUSINESS DURING COVID- 19 PERIOD

Delegates listening keenly to proceedings during the the 47th SDM held in September 2021 while observing Covid protocols. CAK CEO Mr.Daniel Marube was the Chief Guest.

The government enforced restrictions in early 2020 to contain the spread of Covid-19 pandemic, curtailed movement and imposed social distancing compromising full capacity operations of businesses. Bandari Sacco, like many other organizations had to reorient its operations to cope with the new reality.

Classified under Tier One Saccos category in the country by SACCO Societies regulatory Authority (SASRA) with an asset base of over Ksh 10 billion, the Sacco is among the top rated Savings and Credit organizations in the country.

The restrictive business environment meant both members and employees had to adapt to the new reality whilst ensuring continuation of access to financial services.

Through Presidential directive and a Ministry of Health advisory, organizations were expected to put in place measures to limit the spread of the disease, consequently players in the financial services had to implement some changes to adhere to the protocols and serve members.

According to the Chief Executive Officer, Mr. Joseph Bee, the safety of its members is paramount and the Sacco has reinforced communication to ensure members get vaccinated and continue observing the Covid-19 containment measures like social distancing, proper hygiene and use of protective masks.

To ensure continued quality service to its members, the Sacco has embraced the use of Mobile-Phone financial services to reduce the need for physical contact with the branches. To access all mobile banking services such as withdrawals, Deposits, Buying airtime, Paying utility bills, account enquiries, applying for one month loan and to perform account to account transfers, members are required to dial *636# or download Bandari Pesa app in Google play store.

The Sacco has also spread its branch foot print to Kisumu as part of its strategic move to sustain exponential growth by taking quality financial solutions closer to members. The new branch at the Swan Centre Building, Kisumu is an addition to the Nairobi branch at KPA Inland Container Depot, Embakasi.

Stima Sacco lights up way for members with raft of products

Stima DT Sacco Society Limited went into blitz of launching products to improve services to their members and position the entity on a faster growth trajectory. Salo Chap Chap, a seamless salary processing solution, affordable mortgage and Sharia Compliant products have opened a new chapter in the Society's business.

And with a Compounded Annual Growth Rate (CAGR) of 14.6 per cent over the last 5 years, and a growing membership that jumped from 131,616 to 140,870 from 2019 to 2020, its growth trajectory is promising.

"As a customer centric organization, this launch reflects our abiding objective to continuously respond to our members' needs in diverse and innovative ways. Technology (Salo Chap Chap) has handed customers unprecedented power to dictate the rules in purchasing goods and services. This simply means that any business-savvy organization must pay attention to the complete, end-to-end experience customers have with a company, from their perspective, and Stima Sacco prides itself in being just such an organization," said the Chief Executive Officer, Mr Gamaliel Hassan.

He said the launch of these products was consistent with the Corporate Strategic plan whose focus is on member value creation and the constant improvement of internal processes adding that Salo Chap Chap was an indicator of the Sacco's deep expertise in financial market origination and distribution, embedded in a mature legal and regulatory framework characterized by instant payment systems, clear oversight, effective scheme management, reliable switch operation, and timely settlement.

"Instant payment systems offer continuous, real-time availability, allowing for transactions between providers to be completed within seconds at any time of the day or night." he added.

He said SACCOs contribute approximately 5.55 per cent of Kenya's GDP as of 2018, according to the Kenya Financial Sector Stability Report 2018 by the Central Bank and were playing a vital role in the achievement of Kenya's Vision2030 and the Big 4 Agenda of housing, universal health care, food security and manufacturing. Furthermore, they were playing a role in helping the government extend financial services to previously underserved populations.

"The digital technologies provide the convenience that makes it possible for many people in emerging markets to access and use financial services. Digital payments provide safe and efficient ways to send money home, receive or repay a loan on time, or buy goods from a merchant. M-PESA in Kenya, bKash in Bangladesh, and Movii in Colombia are just a few examples of the bank and non-bank products offering digital payments in emerging markets," he said.

However, he added, there was need for interoperability to improve customer value by allowing users to transact beyond their own network. He said Stima Sacco has continued to immensely contribute to the welfare and economic interests of its members, offering them affordable credit, a robust saving platform as well as putting in place initiatives aimed at uplifting their social economic wellbeing.

The Sacco introduced affordable mortgage scheme in its endeavor to make an impact for its members living in them. "Housing stability can provide a stable environment for children, which contributes to improved educational outcomes and an increase in community participation. It is our hope that with the Sacco's efforts, together with government legislation and support from KMRC, we should be able to combat the housing crisis and its effects in our lifetime. Through our vision to continue redefining financial wellness, we strive to provide affordable housing to those who are in need, so the benefits of our work can be felt both by individuals and entire communities," said Rebecca Miano, the Stima DT National Chairman.

She said the launch of the products reflects Stima Sacco's strong commitment towards aiding the government in achieving its Big Four Agenda initiatives.

According to Habitat for Humanity, twenty-two percent of Kenyans live in cities, and the urban population is growing at a rate of 4.2 percent every year. With this level of growth, Nairobi requires at least 120,000 new housing units annually to meet demand, yet only 35,000 homes are built, leaving the housing deficit growing by 85,000 units per year. As a result of this mismatched supply and demand, housing prices have increased 100 percent since 2004. This pushes lower income residents out of the formal housing market and into slums.

Stima Sacco, she said, has partnered with the Kenya Mortgage Refinance Company to introduce an affordable mortgage scheme that will aid members achieve their lifelong dream of owning a home, at competitive rates. "Having an affordable home leads to a happier life, and produces outcomes most take for granted. The ability to spend more income on nutritious food, more time spent with friends and loved ones and more access to activities to promote healthy living are all available when you're not worried about making your rent or paying a mortgage."

She added, "With most of the debt tied into private homes, it's hard for an economy to grow when more money is spent to keep yourself sheltered, compared to taking on debts to expand a business that will better benefit others, as an example. Therefore, greater tax generation, creation of jobs, opportunities for economic development, increased job retention and productivity, and the ability to address inequality – are among the economic benefits of increased access to quality, affordable housing," she said.

And consistent with the development of the financial market, the Sacco launched Shariah compliant products which reflects its strong relationships with the wider Muslim world. Islamic finance is founded on Shariah principles expressing an utmost intent of meeting the financial needs of participants with integrity and in a manner that is just, fair, trustworthy and honest, while ensuring more equitable wealth distribution. The core principles of Islamic finance are strikingly well suited to responding to some of the biggest challenges in rebuilding the economy once Covid has passed- prioritising equity-like risk-sharing over debt; factoring ethical and environmental considerations into investment decisions; and embracing innovative financial solutions beyond traditional banking.

CHAIRMAN'S MESSAGE

DURING THE 50TH ANNIVERSARY CELEBRATIONS ON SATURDAY 30TH OCTOBER, 2021 NAIROBI.

Today marks the 50th birthday of our society and is a very special day in our calendar. I, being the 8th chairman of our society, I am profoundly happy to our pioneer members who sacrificed their monthly salaries to form this great society.

In the 50 years of our journey, we have experienced both exciting and dramatic changes. From political, economic, legal, social, technological and recently unprecedented covid-19 health pandemic that is hitting us so hard. As in the last 50 years, today and tomorrow we shall continue to adapt, evolve and thrive.

Ardhi Sacco Society was formed on 5th October 1971 by employees of Ministry of Lands and Settlement (Currently Ministry of Lands and Physical Planning) with each member contributing a minimum of Ksh.20. By 31st December 1972 the society had registered 746 members with a share capital of Ksh.193,000 and a loan portfolio of Ksh.181,000. Later, due to transfers within the ministries and effects of liberalization, the society opened the common bond to allow membership across the board.

I am happy to report now that the registered members is 24392 since inception but due to retrenchment, retirement and natural attrition, active membership is 8500. The share capital and members deposits is Ksh.1,607,807,000 while loan portfolio is Ksh.1,706,320,000 and an asset base of Ksh.2,100,000,000.

The society has continued to allocate loans timely inform of emergency, school fees and development loans. Families have developed, graduates produced, health improved, homes constructed, put a smile to shedding tears, investment opportunities exploited, better living standards and easy way to manage many financial challenges. We have been in many homes in every corner of the country. We have invested more in technology, infrastructure, education, people and systems to make us continuously better.

In 1999, the society opened its front office activity at its headquarters, Survey of Kenya, Ruaraka when the commercial banks became un-accessible to the common man. This has helped our members access banking services directly from the Society. Later in the year 2002, opened another branch at Ardhi House.

Since then, the society has adopted key innovations such as Pesa Pepe (mobile banking), M-Ardh Loan (mobile loans) and other attractive FOSA products like ordinary savings Account, Biashara Account, Junior Savers Account, Holiday Account, Retirement Account, Instant Advances and Jaza Jaza facility (top-ups).

In the 50 years journey, the society has continued to co-exist and interact well with other Sacco organisations and Apex bodies such as Co-operative Insurance Company (C.I.C), KUSCCO, Co-operative Bank of Kenya, Co-operative Alliance of Kenya (CAK) and not forgetting the Department of Co-operative development for their guidance and SASRA the regulator for their oversight role. We thank all of you for your support.

Inorder to effectively manage members affairs, the society opened 38 established branches spread out all over the country who handles members complaints locally and represent their views during the annual general meeting and in accordance with the society By-Laws.

The Board of Directors, Supervisory Committee, Delegates and Staff have worked well as a team that has ensured this milestone growth and success of our society. As we celebrate this memorable occasion, let us move this society forward in the next phase centurial.

ARDHI SACCO SOCIETY LTD
P O BOX 28782 NAIROBI

Mwalimu National is a licensed Deposit Taking Business (DTB) by SASRA and the largest Sacco nationally and regionally. It is ranked as the leading Sacco in assets by Sasra in Kenya and Africa as a whole. The Sacco was registered on 24th October, 1974 under the Co-operative Societies Act. (Cap. 490, reviewed in 2004 as a Sacco Society).

From humble beginnings of 11 members drawn from the Teachers' Service Commission (TSC) Secretariat and Shares/Deposits of KShs.75,000 in 1974, the Society has commendably grown to a significant record of 104,729 members and KShs. 43.4 billion of Shares/Deposits as at August, 2021.

The Sacco's main Objective has always been Mobilizing Savings and affording members access to credit at competitive terms as a way of enhancing their socio-economic well-being.

The Society in view of taking services closer to members, has established 18 physical branches that are spread across the country. We anticipate soon our footprint will grow to cover all the 47 counties.

Key Milestones

- 1974: Mwalimu National Sacco Started
- 1985: MNS Moved to the Tom Mboya Bldg. HQ
- 1999: MNS became a Deposit Taking Sacco by Opening the FOSA Division
- 2008: MNS become ISO 9001: 2008 Certified
- 2010: MNS embraced Regulation by SASRA
- 2011: MNS adapted the Direct Sales Marketing Model MNS started the Child Hope Foundation
- 2013: Groundbreaking of the Upper Hill HQ Building
- 2014: Purchase of Juja & Kisaju Plots
- 2015: 1. Jan – Groundbreaking Kisaju Housing project 2. Jan – Business Diversification through the acquisition of ECH and setting up of MAM 3. Oct – Change over from the legacy computer system (CMIS) to Microsoft Navision and GoMobile system 4. Oct – Society Rebranding
- 2016: 1.MNH Share Sell Drive 2.Relocated Head Office to Upperhill
- 2017: MNS embraced the C.B.S. by Intra Soft
- 2021: MNS became ISO 9001: 2015 Certified

Society's Interventions in COVID-19 Pandemic

Like any other financial service provider operating during the Pandemic, 2020 was one of the toughest years in business. The SACCO sub-sector was not spared as members' deposit contributions and loan repayments were affected greatly. Our members who are in business and had borrowed to invest were the first to feel the full impact of Covid-19 induced economic challenges. Businesses were badly affected and some even closed thus loan servicing could not be sustained for some time. Our members in private education institutions were also not left behind. Closure of these institutions left these members without salaries meaning they could also not save or service their loans.

To alleviate the suffering of our members, MNS took the following intervening actions:

- **Loan moratorium:** The Sacco granted moratorium to institutions with members whose employers were unable to pay salaries hence there were no deductions to be remitted; this especially affected private schools and those who have business loans.

- **Interest rates reduction:** the Society reduced loan interest on some products by 0.5% (e.g., Vision, Super and Development loans). This eased the financial burden to our members.

- **Go - Mobile charge:** We reduced withdrawal charges and increased the amount accessible by our members. This was in recognition of the fact that physical movements were restricted during the peak season of Covid -19 period.
- **5% tax Utilization:** The Society allowed members to use ability created by reduction of PAYE tax from 30% to 25%.

- **Reduction of commercial loan bridging charges:** We reduced charges from 7.5% to 5% for external loan buyoffs.

- Revision of prorata monthly contribution by 0.2% to enhance members' borrowing ability. This took effect on 14th of June, 2021.
- Removal of the three months waiting period for loan bridging.

- Adoption of flexible working hours and at the same time embracing of remote working to enable staff members to work remotely for seamless service delivery.

These among others reduced the impact of the pandemic on the financial wellbeing of our members. The Sacco continued to provide all services during the period on demand, thanks to the robust information systems in place that allowed staff to process loans and other services from the comfort of their houses. None of our members were inconvenienced since they could access their money via Go-Mobile and remit payments via the various Pay Bill numbers available.

Financial Performance:
As highlighted above, the year had its fair share of challenges that slowed down the achievement of Society targets. Our member recruitment which greatly drives loan uptake was highly subdued. We also note that the loan loss provisions were higher in 2020 than the previous year 2019 which ate into our surplus funds.

That notwithstanding, the Society's balance sheet grew from KShs. 52.03B in 2019 to KShs. 57B in 2020. This was a no mean achievement in a such disruptive year.

In terms of loan book, the Society closed the year with KShs.38.07B from KShs. 33.8B in 2019. Our deposits grew from KShs.36.9B in 2019 to KShs.41.4B in 2020. The Society achieved income of KShs.6.9B compared to KShs. 6.3 B in 2019.

Like any other financial service provider operating during the Pandemic, 2020 was one of,the toughest years in business.

Society Products

No.	(a) Bosa Loans	(b) Fosa Advances	(c) Business Loans	(d) Welfare
1.	Emergency	FOSA instant credit (12months)	Group;	Mwalimu BBF
2.	School Fees	FOSA instant credit (36months)	Individual;	Kussco BBF
3.	Normal	Salary in advance (1month)	Senior Saver;	Risk Fund
4.	Development	Karibu loan	Motorcycle;	
5.	Super	M-Loan	KMRC Mortgage;	
6.	Vision	Advance against expected int. rebates	Asset Finance;	
7.	Wezesha		Insurance Premium Finance	
8.	Ufanisi			

Childhope Foundation

At Mwalimu National we offer more than just financial services! From financial literacy for our members to socially responsible investment options - You can have the peace of mind that when you become a member-owner at Mwalimu National you are also contributing to vibrant and healthy communities!

We believe that Corporate Social Responsibility is not just a definition; it is a foundational element for how we conduct business in the community in which we serve. It is one of the ways that Mwalimu National stands out from the crowd! Unfortunately, many deserving children are not able to access education in Kenya owing to the unexpected demise of their parents.

Even those who manage to continue with their education thanks to the generosity of relatives, rarely access opportunities for mentorship, guidance, and career opportunities.

It is against this backdrop that Mwalimu National, founded the Child Hope Foundation aimed at supporting orphaned children of deceased Mwalimu members.

The Foundation was started in 2011 with just 24 sponsored students. Currently, the program has students both in Secondary schools and University. We pride in affording them internship opportunities during long holidays and do host them to mentorship sessions once every year.

To help in this noble exercise, we encourage well-wishers to contribute towards the Foundation through Use of a paybill number 4305050 (Childhope Foundation), your National ID number is the Account number.

Direct deposit through the Foundation's Bank Account or cheque in favor of:

Name: **Mwalimu National Sacco Society Ltd – CSR Account**
Account Number: **0404353706**
Bank Name: **Spire Bank**
Branch: **Upperhill**

By donating, you give a deserving young soul some bright future that would otherwise remain bleak!

Way to go? By the Community for the Community: the rise of Co-operative Participative Supermarkets in Europe

Cooperative supermarkets owned and operated by consumers based on a model pioneered by Brooklyn residents are becoming increasingly popular in Europe.

Communities across France, Belgium, Ireland and Luxembourg have in recent years set up co-ops to sell high-quality food at affordable prices.

Joe Holtz, a member of the Park Slope Co-op in New York says that members gave the cooperative a competitive advantage. "Our cooperative is amazingly strong because of the connection members have with us. Our members are creating the wealth of this cooperative together," he said. Park Slope is also gaining from being a member of National Co+op Grocers, through which it is able to work with similar grocery stores to improve efficiencies, lower costs and achieve scale.

In France the trend started in 2012 when a group of Paris residents started working on setting up La Louve, a cooperative store selling organic produce based on the Park Slope Co-op in New York. In addition to selling affordable organic products, they also aimed to pay producers a fair price. By working for La Louve once every four weeks, members of the cooperative save between 20% and 40% on groceries. La Louve, which describes itself as 'a cooperative participative supermarket', was soon followed by Super Quinquin in Lille, Supercoop in Bordeaux, La Chouette Coop in Toulouse, and Scopeli in Nantes.

According to Olivier Mugnier, Secretary-General of the French National Association of Consumer Cooperatives (FNCC), the popularity of the model in France is due to a growing interest in locally grown and responsibly sourced healthy food and the fact that consumers are more keen to get involved – the cooperative model meets both aspects. The trend was also facilitated by a shift in people's attitudes to co-ops, which Mr Mugnier attributes to the promotional activities that took place in 2012 – the International Year of Co-operatives, and the passing of the Law on the Social and Solidarity Economy (SSE) in 2014.

Likewise in Belgium the Bees Coop in Brussels opened the country's first consumer-owned and managed supermarket in 2014, which functions based on a 'triple commitment' from its members – who are simultaneously an owner, a worker and a customer. The cooperative now has over 1,500 members.

Similarly, in Limerick, Ireland, a group of locals opened a community grocery cooperative named Urban Co-op in 2013. The cooperative runs a full-service retail grocery store and community wellness hub, with over 2,500 members. It has three types of members, depending on how much they want to be involved in running the co-op.

Another supermarket set up in recent years is Alter Coop in Luxembourg. Camille Lacombe, a member of the supermarket, says the store is operated entirely by its members and open to them only. *"The store's operating costs are thus reduced and the products can therefore be sold to members at a lower price,"* she added.

Another Luxembourg supermarket that opened in 2016, Organic Unpackaged Natural Ingredients (OUNI), was set up by local residents who shared a passion for innovative, no-waste approaches. They chose the co-operative model because they realised early on the public wanted to be involved in their

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Coffee Marketing Blitz that Shaped Modern Advertising

The creativity, brand positioning, war-chest and product offers emerged out of the fierce competition for market share by various coffee firms and shaped modern advertising.

In the early nineteen-twenties, when the corporate was shy to make advertisements not to appear commercial, A&P began advertising its three coffee brands on the radio with A&P Gypsies.

The battle for the coffee market share in the US intensified in mid-1930s with attack ads against competitors. Chase & Sanborn print assault on competitors escalated *"Stale Coffee loses flavor........is nervously irritating,"* a Ladies Home Journal ad proclaimed. The coffee firms used all the tricks in the book, and media played part of the market advertisement wars.

By1953 coffee industry players had realized that in addition to newspaper, magazine, and radio advertising, they had to advertise on television, although television spots were significantly expensive. To make money in 1950s, just like it is today, one had to spend money.

Maxwell House poured $2.5 million a year into advertising, while Chase & Sanborn spent just over $1 million. Consequently, General Foods received a net profit of $27 million in 1949, and Standard Brands earned only $8million. Chase & Sanborn print ads claimed that their hand-selected coffee *"puts you in heavenly mood"* but sales continued to decline.

Chase & Sanborn, with Standard Brands aggressive distribution and advertising claimed that their coffee was fresher than others. They wanted consumers to avoid other brands and stick to its Dated Coffee, and safely imbibe up to five cups of coffee a day.

Hills Brothers television adverts in early 1950s, using a blonde woman in an evening dress preparing coffee for guests in her kitchen was a dramatized advert with female voice singing praise of Hills Brothers as, *"the friendliest of blends."* Another commercial showed a boy sporting a bow tie, opening a can of Hills Brothers and the girl smelling it while the announcer intoned. *"Boy meets girl, girl makes coffee. Hills Brothers Coffee, of course."* The boy picked up the tray and offered it to others sitting in the living room. *"Hills Brothers Coffee, the life of the party."* The advert went. Even in 1953, like today, such ads must have been perceived as fake and forced.

General Foods was the only coffee roaster with the funds and foresight to produce national television commercials. In addition to *"mama"* and *"The Goldbergs"* it sponsored *"Captain Video and His Video Rangers."*

Atherton Hobler convinced General Foods to devote 80 per cent of its advertising budget to television. In the live commercials for Instant Maxwell House, an announcer Rex Marshall showed the famed Flavour

Buds under a magnifying glass and then made a cup and intoned the familiar words, "Not a powder! Not a grind! But millions of tiny flavor Buds of real coffee, ready to burst instantly- at which point, just as he poured the hot water into glass cup, it shuttered spectacularly- as if on cue. It was mark of creative advertising.

Price Wars, Coupons, and 14-Ounce Pounds

Due to high prices and increasing popularity of instant coffee, roasters felt compelled to cheapen their brands using price promotions, premiums, and money-back coupons, and cutting quantity.

The ads that emphasized quality and flavor disappeared. And in 1951, Gray Hills announced that Hills Brothers would never resort to special promotions, deals, or coupons. But with sales slipping, the firm revised the decision and offered cents-off coupons three years later. Some regional roasters who supplied the restaurants and institutions began to sell 14-ounce packages claiming that their coffee produced the same results as a full pound. Folger's advertised that consumers could use *"one quarter less,"* of its blend because it was in some way richer. While one roaster denounced this trend as *"disastrous"* he admitted that he too had succumbed. The result? They were all selling less coffee, and the consuming public was getting diluted cup.

An Italian advertising promised *"Paradise ....in the cup,"* but the blend consisted primarily of cheap Brazils and African Robusta. In post war Europe, Coca-Cola was stealing market share of coffee. The Time magazine cover featured a painting in which a smiling red Coca-Cola disk with a skinny arm holding a Coke bottle to the mouth of a thirsty globe. The legend beneath read *"WORLD & FRIEND-love and piaster, that lira, that tickey, and that American way of life."*

The editor of National Coffee Association newsletter observed that Coke cost twice as much as home brewed cup of coffee, yet soft drink sales were booming. Could coffee take a lesson from this carbonated caffeine delivery system?

Few months later, the same editor wrote -*"The coffee trade of the United States has never been interested in the group (under 15) as a market...because many parents would prefer their children's beverage consumption to supplement their diet."* It was clear the stodgy coffee men were not getting the message. They were busy cutting prices and one another's throats, diluting their beverage, advertising coffee as commodity, while Coke and Pepsi were successfully promoting the image of youth, vitality, and as the Time noted the American way of life. In 1950, the soft drink firms in US reached parity with coffee in their advertising budget as coffee per capita consumption began to fall, and the popularity of soft drinks rose. Coca-Cola and Pepsi battled for the expanding market. Coffee firms were scrambling over the dwindling market.

In 1953, tousle-haired, twenty-four year old crooner Eddie Fisher appeared in *"Coke Time"* on TV and radio, which contrasted with the drab adverts of harried housewives or hurried businessmen by coffee firms. Few coffee firms made attempts to attract younger consumers and simply fought out in price wars, trying to lure housewives with coupons or deals.

(Excerpts from Uncommon Grounds: The History of Coffee and how it transformed the World by Mark Pendergrast)

Next issue: The place of Kenya coffee in the global market and why the crop is here to stay.

Continue .....**from pg 21**

project. To respond to the different needs of the community, they developed a hybrid membership offer which allows members who want this to volunteer their time to help run the supermarket, which gets them a reduction of 5% on all their purchases. Regular members can get a return on their investment if approved at the annual general meeting along with voting rights in accordance with the one member, one vote cooperative principle.

The emergence of all these cooperative supermarkets demonstrates the commercial argument of being cooperative. They are implementing the cooperative model differently and were able to adapt it to respond to the needs of their own communities. With more and more consumers keen to buy organic products from local producers, as well as own and run their own supermarkets, the cooperative participative supermarket trend is likely to continue.

Adopted from Co-op News, an online magazine by the International Cooperative Alliance

SASRA nod to investigate SACCO Fraud

Fraud Investigations Unit embedded in SASRA system

Sacco Societies Regulatory Authority has inked a Memorandum of Understanding with the Directorate of Criminal Investigations to embed Fraud Investigations Unit in its regulatory framework to assist in curbing rising cases of fraud.

The agreement follows a Presidential Directive issued in July, 2019, and elevates the supervisory levels in the subsector to equal other financial institutions like banks and insurance companies.

"The establishment of the FIU comes at an opportune time to complete the cog of supervisory framework of Saccos in Kenya, which was initially largely reliant on the prudent supervision conventionally undertaken by SASRA technical staff by taking up identified cases of fraudulent conduct in the course of prudent supervision and investigating the same," said SASRA Board of Director chairman, Mr John Munuve.

By September 2021, there were 177 Deposit Taking Saccos and 162 Non-withdrawable Deposit Taking Saccos. The 339 Saccos combined had a total assets of Ksh780 billion, 75 per cent inform of issued loans. Total deposits stood at Ksh550billion. With this huge financial portfolio, the subsector has been severely exposed, and has become a target, mostly of cybercrime fraudsters.

It is against this background that President Uhuru Kenyatta issued a directive to have a Fraud Investigation Unit to curb the vice within and deter fraudsters targeting the subsector.

"The MOU has come at the right time now that the cooperative is entering the digital space fraught with cybercrime like fraud and money laundering that are threat to the financial sector. The collaboration will support the cooperative movement by providing the expertise and putting in place systems identify, deter, arrest and prosecute the fraudsters. The other positive side is that cooperatives will not have to invest in infrastructure to contain the financial crimes and is warning to those who think cooperative is a weak link in the financial sector," said Mr Daniel Marube, the Chief Executive Officer at Cooperative Alliance of Kenya

Already, five officers have been seconded from the DCI to undertake investigations of the myriad cases of fraud perpetrated by the employees and third parties, particularly through cyber- attacks in the Saccos accounts.

The DCI had initially seconded three officers to SASRA in March, 2020, who were to lay the ground work for the operationalization of the Fraud

Investigation Unit. The three officers immediately hit the road running, and with the logistical support from SASRA, established a functional investigation unit, which could receive, investigate and make appropriate recommendations for prosecution where necessary.

But by March, 2021, however it became apparent the workload at the Unit could not be handled by just three officers. Consequently, SASRA requested the DCI for additional staff to be added and another two officers were brought on board; giving the Unit a staff complement of five officers. Among these is one cyber- attack expert. Mr Munuve said the officers seconded to SASRA were highly trained and well equipped with skills and experience in fraud investigations, particularly those relating to financial and cyber-related frauds, which are the most common in the SACCO subsector.

In addition, it is expected that FIU and SASRA will develop and implement a robust market surveillance and monitoring mechanism to prevent frauds or disrupt planned fraudulent activities in SACCOs. These proactive actions will be crucial in stopping loss of members' funds, instead of waiting to pursue the culprits after the losses.

In line with its Strategic Plan 2018-2022, SASRA envisioned a supervision and regulatory framework of the SACCO Subsector that build public confidence and trust in SACCOs as worthy alternative financial institutions. In this, SASRA has been advocating for a SACCO system in which Kenyans can, not only safely save or invest their monies, but can also get credit and other loan facilities in an efficient manner, and at competitive rates.

Mr Munuve said the vision could however not be realized if the members were at the same time left to worry about the safety of their savings in the SACCOs. "A time has come, when the safety of members' savings and deposits in SACCOs must be guaranteed and assured at all times. This is the only assured way in which the citizens use or consider using SACCOs as alternative and worthy investment destinations for their savings," he said
He added "In instances, where criminal culpability is proven, and with concurrence to the relevant prosecution agencies, the Unit shall take lead in ensuring that the culprits are prosecuted and brought to justice,"
However, he sought to allay fears that the FIU is established with a preconceived guilt on the part of Sacco officers.

He told the cooperators to cease and desist from undertaking SACCO businesses with unregulated entities purporting to be or presenting themselves as SACCOs adding public must undertake proper due diligence on any entity that presents itself as a SACCO, before investing in it.
He said the oversight on Saccos was also vested in its members during the Annual General Meetings and other appropriate forums. It is during such meetings that members can question the Board and management on what they are doing to enhance surveillance and deter threats to their SACCO, and this should include asking questions on unusual trends in the financial statements.

He added that members have to report instances of suspected criminalities or fraudulent activities to SASRA and the Fraud Investigation Unit. He added that a number of SACCOs as well as individual members have reported such incidences anonymously.

"Given the important role of Saccos in the national economy, it became apparent that a specialized and dedicated investigations unit to be established to oversee and combat fraudulent activities in the subsector," said Mr John Gachomo, Director of Investigations Bureau at the DCI.

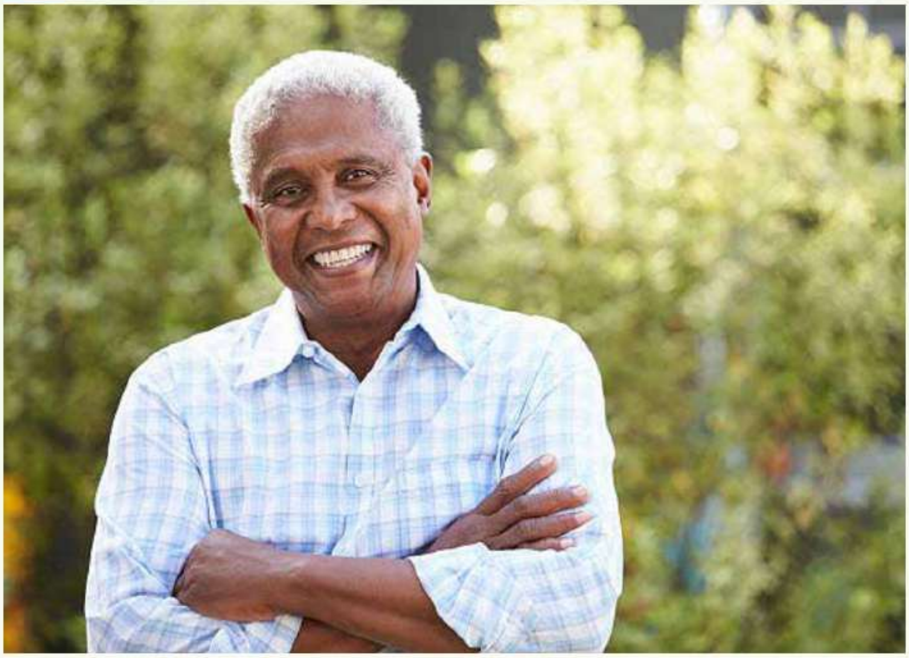
He noted that most Deposit Taking Saccos were integrated into use of Information Communication Technology, ATM, Mobile Money and Internet Banking, and these business lines have exposed the Saccos to cyber-attacks by fraudsters. He said most of the cases were perpetrated by third parties hired to offer financial services.

Worse, some small Saccos didn't have the resources to deploy cyber security controls and rely on third party systems. "These third party systems are often vulnerable to cyber-attacks by fraudsters sometimes in collusion with third party owners. Consequently, Saccos which rely on such systems are often than not over exposed to fraudulent cyber- attacks aimed at stealing members savings,"

.

He added, "Threats to Saccos is not limited to within the Sacco officers, but rather the greatest threat in Sacco business today is actually external, committed by persons outside Sacco set up. Consequently, the role of FIU is not just the ordinary financial investigations but extends to cyber fraud investigations.

Age limit for Coop Board members raises storm in the movement



Age is just a number in the cooperative movement if the sentiments expressed during stakeholders meetings for the Cooperative Draft Bill is anything to go by.

The proposal to limit the age of directors of cooperatives to 70 years drew wild reactions, just as the suggestion for gender balance and introduction of independent directors in the management boards.

In a bid to improve governance and place the cooperative movement on growth path by tapping into youthful leadership, the Policy Bill suggests that those over 70 years should give way in the sector with an exception that those above this age are approved by the Cabinet Secretary. The movement is largely dominated by medium aged to elderly members in diverse sectors as agriculture, transport, hospitality and many professions.

"There is proposed 70 years age limit for board members unless with some special resolution and the Commissioner of Cooperative approves it. The age limit is what is happening in listed companies and if not implemented, how will the cooperatives compete in the financial markets? Business is with the young people, not old people, and many financial transactions are not with the banks, but other platforms, and the youth are managing them," the consultants said.

But many stakeholders were of the view that this would deny the opportunity to the old members to participate in management and violate the democratic principles that guide the cooperative movement.

"The supreme power is vested in Annual General Meeting. If we relinquish that we shall have a problem. There are old people who have built estates over the years and you are now saying that they cannot offer leadership. Which criteria will the Cabinet Secretary use to allow a 70 year old to be allowed to serve as chairman," asked Mr Ephantus Manjau of Meru Coffee Society.

"All the other institutions have no age limits. Why should we have the age limits in the cooperative movement?" asked Mr Shadrack Mwiti who is leadings a pyrethrum cooperative in Meru.

The cooperative members took issue with the age limit of the board of directors arguing that it wasn't possible for them to relinquish positions in entities they have invested in and helped grow over the years, adding that the new requirement will infringe on the democratic principle of the cooperative movement.

"Why should we limit these noble gentlemen? They have been managing these cooperatives over the years," said one of the participants.

They argued that the old cooperatives were started by illiterate members and had thrived through the years.
"What I hear is about defending 'my territory'. Only Saccos are performing well and are ranked as number one in Africa and seventh, globally. The producer and consumer cooperatives are nowhere near (success). They will require Government funding for them to grow. That is why regulations are

important," said Patrick Muteria, a Cooperative Officer in Embu County.

There has been concerns that the youth have not been enrolling in the cooperative movement in large numbers, putting the future of the sector at jeopardy. There have also been concerns that the aging board members are ill-equipped to deal with the demands of modern economy that requires quick, sound, strategic thinking and flexibility in execution.

"The cooperatives are owned by cooperators but there is public interest and have to be regulated in tandem with modern trends that will ensure thirty years down the line they will still be competitive," Mr Nelson Kuria, the chairman of the Taskforce appointed to collect views of the stakeholders for the development of the Policy Draft said.

In the same breath, the members raised issue with the requirement of gender balance wondering how it would be achieved as women often declined to participate in leadership by offering themselves for elections, and in some cases the Societies were dominated by one gender.

"If the parliament was unable to deal with the gender issue, is it the cooperative that will be able to achieve it? We must be careful not to put ourselves in a quagmire," said Joseph Nteere of Menani Matatu Sacco. Those who contributed on this issue said there was need to accommodate exceptional circumstances that may impede attainment of the requirement.

Equally controversial was the suggested introduction of independent board members to compensate for lack of knowledgeable in certain areas that the cooperatives were interested in investing in.

"We may have Cooperatives investing in areas they lack expertise on, like green energy and medical and the members can bring in an independent board member who will be approved by the Cabinet Secretary," Mr Kuria said, adding that this was discretionary and couldn't be forced on the cooperatives. However he added that the size and complexity of the investment was what would determine the need for such an independent board member. This, however, didn't go down well with some of the stakeholders who were skeptical on the need for an independent board member in their cooperative societies.

"Are independent directors supported by principles (democratic) of cooperative? The answer is No," Mr Erick Njoka, the Deputy CEO at Transnational Sacco asked while his counterpart in Focus Housing Cooperative in Embu, Mr Jamal Runyenje added "The devil creeps in slowly. In our Society, if you want to participate, you have to be a member. Why help cooperatives when you are outside?

Mr Kuria however said the Cooperative movement had to align itself with the modern economic trends to remain competitive, and unlike the corporate entities that go for mergers and acquisitions to improve on efficiency, the movement had to rely on solidarity, self-reliance and responsibility.

"The Policy objective is to have sustainability of the cooperative movement. If you do not change by hand, it (change) will hold you by the throat," said Mr Kuria.

He said the proposals were well thought out to avert situations like that which faced the movement in the past when liberalization caught up with the sector in the 1990s unprepared causing havoc, and near collapse.

"Don't look at the Policy proposals with the position you have (in mind). The Policy is for posterity," said Cooperative Alliance of Kenya Chief Executive Officer, Mr Daniel Marube added.

The stakeholders meetings were held in Kisumu, Nyeri, Mombasa and Embu and participants included those who followed the proceedings virtually.

"The supreme power is vested in Annual General Meeting. If we relinquish that we shall have a problem. There are old people who have built estates over the years and you are now saying that they cannot offer leadership. Which criteria will the Cabinet Secretary use to allow a 70 year old to be allowed to serve as chairman,"

The making of coffee cartels and why they still rule the market

Coffee is the second most traded commodity globally after oil but farmers in Kenya only dream of good prices that they read or hear about through the media. How did the convoluted coffee market get here?

The coffee market has always been volatile. Rumors of major producers like Brazil having frost problem sends prices skyrocketing in the international market. On the other hand, large harvests bring dreadful declines, along with misery for farmers and laborers.

Market forces complicated by nature and human greed, have resulted in extended cycles of boom and bust that continue to this day. Since coffee trees take four or five years to mature, the general pattern has been for plantation owners to clear new lands and plant more trees during times of rising prices. Then when supply exceed demand, prices fall, and then farmers are stuck with too much coffee.

Coffee, unlike other crops involves a major commitment of capital that cannot be easily switched to another crop. Thus for another four years, a glut ensues. This is sometimes complicated by effects of plant disease, war, political upheaval, and attempts to manipulate the market.

Trinity

As coffee industry boomed in 1870s, a syndicate of US importers dominated the market. The three firms known as the Trinity were-B. G Arnold and Bowie Dash &Co of New York and O. G Kimball & Co of Boston. Headed by Arnold, who was described by a trader as 'a born trader, fighter, commercial wizard and experienced merchant in politics, weather and geography' they ruled the coffee market for ten years in the country as absolutely as hereditary monarch controls his kingdom.

In 1878, when it was clear Brazilian state of Sao Paulo would flood the market with coffee, a turning point in coffee trade with production exceeding consumption, the tide had turned and the Trinity struggled to maintain stranglehold on the market. The Trinity had artificially held up the prices of Java coffee for many years. As market flooded with coffee, it increasingly became difficult to hold on to stocks for better prices. On December 4, 1880, Kimball died in circumstances that some described as anxiety over market situation. A friend said he had played cards the night before 'making an effort to appear unusually cheerful.' At 42, he was not known to have health problems, and many thought he had committed suicide. His death spelled the end of his two cohorts in the Trinity.

Bowie Dash & Co suspended transactions with liabilities of $1,400,000 as market faced suspicions that hindered trading. The year 1880, was one of loss and disaster such as never experienced before in the US.

Coffee Exchange

Some who were affected by market slump decided to create a market exchange, where the buyer contracted with the seller to buy a certain number of coffee bags at a certain time in the future. In this arrangement, as time passed the value of the terms changed according to the market factors. Most coffee men used the contracts as hedges against price changes, while speculators (cartel) provided liquidity. The speculator provided price risk insurance for coffee dealers.

The Coffee Exchange sharply divided the players in coffee business-some argued for and others against- just like today. Finally, the exchange was incorporated in 1881, a year after Arnold &Co went bankrupt.

Arnold was first president, but Coffee Exchange never quite picked up for lack of trust and it became a *'laughing stock'* for a period. It eventually however became a frenzied scene of buyers, sellers and speculators yelling and screaming at one another in the pit. Rather than discouraging attempts to corner the market, however, the exchange added new wrinkles to the power play, as ticker tape became the heart stopping centre of attention, spitting out price symbols.

Hermann Sielcken, a brilliant German immigrant soon became major force within the world coffee market. He was feared, respected and loathed by many in the trade.

The most speculative business in the world

Technology made communication instantaneous. The New York Exchange tracked the day's price of coffee for delivery comparing it with the previous year. The information was put in the sight of the coffee broker to guide contracts. Despite these sophisticated communication- or perhaps due to it-speculation and attempts to outguess or corner the market continued unabated.

In ensuring years, the coffee drama repeated itself many times in different, unpredictable permutations, with rumors of over or underproduction, war, disease and manipulation.

John Arbuckle summed up the situation thus 'there seems to be no help for it, coffee is the most speculative business in the world.'

A novelist Cyrus Townsend Brady penned The Corner in Coffee- a melodramatic tale of love, betrayal, bears, bulls and coffee speculation. He interviewed coffee dealers, brokers and members of the coffee exchange and concluded that the speculation had caused him to make 'a solemn resolution not to touch it except as a beverage.'

High production between 1901 and 1902 amounting to 15 million bags made it difficult to manipulate the market. The position of the coffee producing countries was pitiful. Abraham Wakeman wrote 'they were dependent on coffee crops for their livelihood. Many were ruined. This was especially so in mild coffee districts, located at great distances from ports of shipment'

A crash between John Arbuckle and H. O Havemeyer that lasted between 1897 and 1903 shaped the coffee wars. Havemeyer, described as outspoken, gruff and dictatorial had tried to drive Arbuckle out of market, but failed. *"There is a*

prevailing hostility to wealth. This is perfectly illogical. Everyone wants money. It is the abuse of money, not the possession which is opposed to public interest," Havemeyer said. He was a hard-nosed capitalist.

Throughout the decade, Brazil had struggled with overproduction by holding millions of bags off the market. In 1921 they had jointly financed a third of valorization with British American loan totaling $9million and secured by 4.5 million bags of coffee held in Brazil, London and New York.

The coffee barons, now millionaires lived in splendor, indulged in luxurious lifestyles, splitting their time between the plantations, town mansions and Paris-their choice destination. They collected tall blondes in Manhattan to serve their fantasies. And they send their children to American universities- a measure of prosperity.

Regardless of the coffee owner's prosperity, however the workers in the farms earned 15 cents a day- a pittance.

Even James Hill, one of the coffee dynasties acknowledged the inequalities. *"We dig the holes for the trees, we clear the weeds, we prune the trees, we pick the coffee. Who earns the money then? We do. Yes, there will be trouble one of these days"* he said.

A surge in coffee production, old stockpile against declining credit sent the Brazilians into a panic. As warehoused coffee commanded higher prices, the traders used it as collateral for even higher loans, just as US investors bought on margin. Then the market crashed.

On October 11, 1929, the Institutes broker sat through Santa Bolsa, the coffee exchange but failed to buy even after the sellers offered lower prices. The secret was out- the Sao Paulo Institute was broke. The 1930 Great Depression ushered in years of lower prices, but no one stopped drinking the black brew.

Entry of specialty coffee

Specialty coffee was the go-go drink in 1980s favored by young urban professionals willing to pay top dollar. Specialty coffee did not fit neatly into corporate coffee statisticians' world of retail share since usually it was sold in bulk or through direct mail. By 1983, the Tea & Coffee Journal noted that gourmet market represented 3 per cent or four roasters entered the market every month. By 1985, an expert estimated that specialty coffee constituted 5 per cent of all US retail sales and new roaster set up shop every week. There were 125 wholesalers in US and Canada, with their number growing by 25 per cent every year.

Even with International Coffee Association quotas, early 1980s, witnessed price volatility. In 1981, the first years of quota, prices dropped to below $1.15 a pound, triggering four successive quarterly cuts.

As the decade wore on, ICA regulations frustrated roasters who sought quality beans. The other mild countries like Kenya, Ethiopia, and Central America, Peru were not allowed to export more of their better beans to consumers with taste for better blends of specialty coffee.

Again, specialty coffee big boys concentrated only in providing the perfect cup, there were inequalities built in the system of coffee cultivation, processing and export. The beans of the highly-priced cup were produced by poverty- stricken farmers.

Talks of possible demise and hopeful reports of agreement sent prices swinging up and down in 1988 and 1989, but sank as Brazil and America squared out in final confrontation. Deadlocked negotiations were so bitter that ICA abruptly suspended export limits on July 4, 1989 before the expiry of the existing agreement that was due in September. The collapse of the talks coincided with Kenya's record harvest of 130,000 metric tonnes. Today the market is dominated by six foreign companies.

(Excerpts from Uncommon Grounds: The History of Coffee and how it transformed our World by Mark Pendergrast)

Written by Mwaniki Wahome

"We dig the holes for the trees, we clear the weeds, we prune the trees, we pick the coffee. Who earns the money then? We do. Yes, there will be trouble one of these days"

OUR VISION

The trusted Sacco of choice

OUR MISSION

Empowering our members socio - economically by providing competitive financial solutions.

IMARIKA DT SACCO SOCIETY LTD

OUR CORE VALUES

- Customer Focus
- Integrity
- Teamwork
- Equality and Equity
- Professionalism
- Innovation
- Diversity

Makes Acronym -CITEPID

Imarika DT Sacco started in 1974 with 100 members. As 2021 ends, we have grown to over 142,300 members, Kshs 10.57B Total Assets, Kshs 9.39B Loan Book, Kshs 1.57B Annual Turnover with stable PAR of 6.5%. Join us and enjoy the following services:

- IMARIKA SAVINGS ACCOUNTS.
- Malaika Junior Saving Account
- Ordinary Savings Account
- School Fees Account
- Medical Account
- Ekeza Savings Account
- Current Account
- MSCA Group Savings Account
- Fixed Deposit Account
- Jipange Account
- Holiday Account

- **IMARIKA LOANS & ADVANCES.**
  - Boda Boda Loan
  - Emergency Loan
  - School Fees Loan

- Imarika Vijana Loan
- Development Loan
- Scholar Plus Loan
- Ufanisi Loan
- Mavuno Tele Loan
- Smart Loan
- Karibu Loan
- Swift Loan
- Mkopo Loan
- Salary Advances
- Institutional Loan
- Kilimo Biashara Loan
- Mortgage Loan
- Ufugaji Loan
- Maziwa Loan
- Mtaji Loan

- **IMARIKA SERVICES.**
    - Mobile Banking
    - Instant ATM
    - Cheque Book/Cheque Processing
    - Salary Processing
    - Funds Transfer
    - Sacco Agency

Branches: Kilifi, Malindi, Mtwapa, Mariakani, Ukunda, Garsen, Bamba, Mombasa & Mpeketoni (opening soon).

SACCO AGENCY

Connected Active Sacco Agents As at October 2021

No.	LOCATION	AGENT NO	NAME
1	CHONYI-Banda la Salama	012	Cornelius Tunje
2	VIPINGO-Grocery Shop Opp.Golf stage	013	Metrine Wanjala
3	SHANZU-Uwanja Wa Catholic Alice Shop	014	Alice Chengo
4	TEZO-Malindi stage (Dream Forest Spares	011	Jane Nguku
5	KALOLENI-Stage ya Mombasa (Bookshop)	017	Erasmus Lewa(Mwalimu)
6	MAZERAS-Mini-Market at Petrol station Junction to Kaloleni	020	Josephine Anyango
7	KINANGO-Augustino Bookshop opp. Mnara wa Safaricom)	021	Augustino Mukamba
8	VITENGENI/MATANO MANNE-Kwa stage ya Probox	018	Emanuel Menza
9	LUNGALUNGA- Kwa Safaricom Shop	020	Samson Ngungu
10	GANZE-town centre Watu Bwana Stores	016	Abdalla Mwinyi
11	WATAMU-Timboni Centre	024	Hannah Waweru
12	MARAFA-Marafa Centre	022	Sadat Salim
13	GONGONI-Gongoni Centre	023	Robert Fondo
14	HOLA-Silent Hotel Hola Town	026	Esther Muchiri
15	MPEKETONI-Mpeketoni Centre	025	Julia Kimani

KENYA POLICE BEATS COVID-19 BLUES TO GET HIGH GLOBAL RATING

The **KENYA NATIONAL POLICE DT SACCO,** a tier one Co-operative entity has yet again scored high rating from the South African based Global Credit Ratings (GCR) agency, placing it as the 'Best long and short- term issuer' in the country.

The upgraded rating came against the background of harsh economic situation precipitated by the restrictive Covid-19 protocols that slowed down business. By moving up to BBB+(KE)/A2(KE), from BBB(KE)/A3(KE; the new status assigns it a positive outlook. This is the third time in a row that the revered SACCO has received such acclaimed rating, reinforcing its credibility and viability as a leading financially sound and healthy institution.

The SACCO's strength is premised on a strong capital position into the long term, conservative dividend policy and strong earnings, which combined reflect the SACCO s favorable asset quality relative to its financial sector peers. Notably, the SACCO has limited competition in the context of other players in the national financial sector.

"With a GCR Leverage ratio of 31.73 per cent and 29.51 per cent in 2020 and 2019 respectively, the SACCO's strong capital position is a key ratings strength. GCR expects the strong capital position to persist into the long term, supported by a sustainable dividend pay-out ratio and strong earnings," the report says.

The Society's dividend policy dictates that the dividends declared and approved by the Board, are the net surplus after retention of Ksh1 billion or 20 per cent of the net earnings and fulfilment of the capital adequacy requirements.

The current core capital to total assets ratio at 32 per cent is 22 per cent above the regulatory requirement of 10 per cent, the institutional assets to capital ratio at 23.9 per cent is 15.9 per cent higher than the 8 per cent regulatory requirement and the core capital to deposits ratio at 49.3 per cent is 41.3 per cent above the 8 per cent requirement." GCR notes. In addition, the Kenya National Police DT Sacco risk position is anticipated to remain better than that of peers, though negatively affected by Covid-19 induced economic downturn.

The positive ratings factor to its risk position is buoyed by stable membership comprising 99 per cent police officers and salaried civil servants. GCR views the membership base as possessing asset quality supportive characteristics such as stable government-based salaries and deduction at source.

Additionally, use of guarantors and collateral has ensured that the SACCO has consistently reported low Non-Performing Loans (NPLs) between 0.3 per cent and 1.7 per cent over the past 5 years. "The reported gross NPLs at 0.8 per cent for the 2020 financial year, tracked below the industry average of 6.15 per cent. Even better, the lending book is diversified and the top 20 NPLs form only 0.19 per cent of the total loan book.

"While an increase in NPLs were noted in the 2020 financial year due to the pandemic and other operational environmental factors, we expect NPLs to trend below 1.5 per cent over the next 12-18 months," the report indicates. This risk profile could change, however, should the SACCO increase exposure to Small and Medium Enterprises which are viewed to be a more vulnerable sector.

Similarly, the liquidity position is expected to remain adequate and the funding stable. "The funding and liquidity position of the entity reflects a very stable funding structure, with non-withdrawable deposits accounting for 90 per cent of total customer deposits," GCR notes.

Furthermore, the agency noted that an upgrade could arise, if the financial profile remains sound over the course of the next 12 months. This is inclusive of capital adequacy and risk positions remaining very strong, versus sector peers and funding stability and liquidity continuing to be strong.

The SACCO also scooped the 'Best National Long- and Short- Term Financial Lender' 2020 Award, still by GCR, for the second year in a row. The agency affirmed ratings of BBB (KE) and A3(KE) respectively, with the outlook accorded as Positive. This was similarly attributed to its strong capital position, adequate funding and liquidity, a solid risk management position and strong solid management.

In pursuit of sterling performance, the SACCO continued with the Top Savers Seminars across the 8 regions of the country to recognize, encourage and motivate them to save and invest more.

"We are honored to have won at the FiRE awards, SACCO Category and upgraded our GCR Ratings. Our investment cooperative handed over and issued title deeds for the Kamulu and Kiserian plots," says National Chairman Mr David Mategwa.

He says the member recruitment drives in various National Police Colleges around the country were able to recruit over 2500 new members.

The SACCO has continued to put in place measures and mechanisms to enhance risk management which has seen the Society continue to consistently deliver value to its members even in the face of the economic slowdown due to Covid-19 pandemic. The SACCO was able to successfully conduct Annual Delegates Meeting in the first quarter of the year which took a hybrid format with some delegates leveraging on technology to follow the proceedings online in order to abide by the Ministry of Health regulations to curb spread of Covid-19.

During the ADM, the SACCO took stock of its 2020 performance, and noted that despite the tough and challenging business environment, the SACCO had remained resilient and posted commendable results. The Society's assets grew to Ksh39billion up from Ksh34.8billion in 2019, recording an increase of 12 per cent and deposits grew by 9per cent from Ksh19.5billion to stand at Ksh21.3billion as at the end of 2020. The loans and advances grew by 13 per cent to Ksh32.6billion up from Ksh29.1billion in 2019. Revenues rose by 3 per cent to stand at Ksh6billion up from Ksh5.8billion in 2019.

Pursuant to the good financial performance, the Society was able to pay dividends on share capital at a rate of 17 per cent amounting to Ksh500million and interest on deposits at a rate of 10.5 per cent amounting to Ksh2.1billion making a gross total of Ksh2.6billion compared to Ksh2.3billion in the year 2019 recording an increase of 14 per cent.

The Strategy that runs from the year 2020 to 2024 is currently in its second year of implementation. The Society has put in place an elaborate performance management framework with periodic reviews to ensure that the strategic objectives are fully and efficiently executed. This, Mr Mategwa says will eventuality take the Society to new and prosperous heights.

Message From
CEO Daima

DAIMA SACCO LTD. YEAR 2020
MRS. DIANA W. MBOGO C.E.O.

Registered 30 years ago Daima Sacco has continued to shape the social economic status of its members. On 16th April 1991 the Sacco was registered by the ministry of cooperatives, with its members being tea farmers. The Sacco opened its common bond in 2010 and incorporated the business community, government employees, coffee farmers, dairy farmers and digital members. The Sacco is led by a board of nine members in the management committee which consists of finance committee, credit committee, education committee and audit committee and three at the supervisory committee.

The Sacco C.E.O, Madam Diana Mbogo who is also the chief strategist and leads a able team of fifty four competent members of staff in distributed within the Sacco. The Sacco has eight branches and one satellite office. Since she joined the Sacco in 2019 the Sacco has been on a trajectory path in growth of assets, member's deposits, shares and revenue at a steady rate of 40% in three years.

This has seen the Sacco grow to an asset base of 1.3 billion moving from a small tier Sacco in 2019 to a medium tier Sacco in 2020.

In the financial year 2020 it paid a dividend of 13% and interest on member deposits at 10%. The Sacco is intended to grow to a tune of 5.5 billion by 2025; the chairman stated this in the AGM when he unveiled the strategic plan 2021-2025 to the members. The Sacco offers both FOSA and BOSA products and services. FOSA products include Bidii savings accounts, ordinary accounts, institutional accounts and children's accounts while BOSA on the other hand promotes deposits and shares. The Sacco offers the following loans products to its members.

1. Tea loan and advances.
2. Coffee loan and advances.
3. Business loans and advances.
4. Bio-gas loans
5. Mobile advance.
6. Salaried loans and advances
7. Microfinance loans.
8. Youth funds and Tender loans.

The Sacco loans products have been tailor made to suit member needs with an aim of improving their living standards. This can be attested by a recent survey with its members as it conducted the product impact assessment as it introduced new products and re-engineered the old as per its strategic plan. The survey results showed that the health of the members has improved, household income increased and education to member's children promoted.

The Sacco also conducts corporate sustainability responsibility in line with sustainability development goals (SDG) 2030.

In Daima Sacco we are a committed and responsive financial partner to all our members.

DAIMA SACCO BOARD OF DIRECTORS YEAR 2020.
SEATED FROM LEFT: ELIAS N.MUNYI (TREASURER) JOHN N.EVAN (CHAIRMAN), PATTERSON N. NJERU (VICE CHAIRMAN),DIANA W.MBOGO (CEO), FREDERICK N. NJERU (HON SECRETARY),
STANDING FROM LEFT: BONIFACE GITONGA DIRECTOR, HENRY M. RWANJEU DIRECTOR, NELSON N.GIDEON (CHAIRMAN SUPERVISORY), EMILIO NJIRU NDWIGA (SECRETARY SUPERVISORY)
SIMON I. LABAN DIRECTOR, MOSES N. KARIUKI DIRECTOR, PETERSON N. NJERU DIRECTOR JOSIAH V.NYAGA DIRECTOR SUPERVISORY

Shaping tomorrow. Together.

Data Centre & Conference Facility

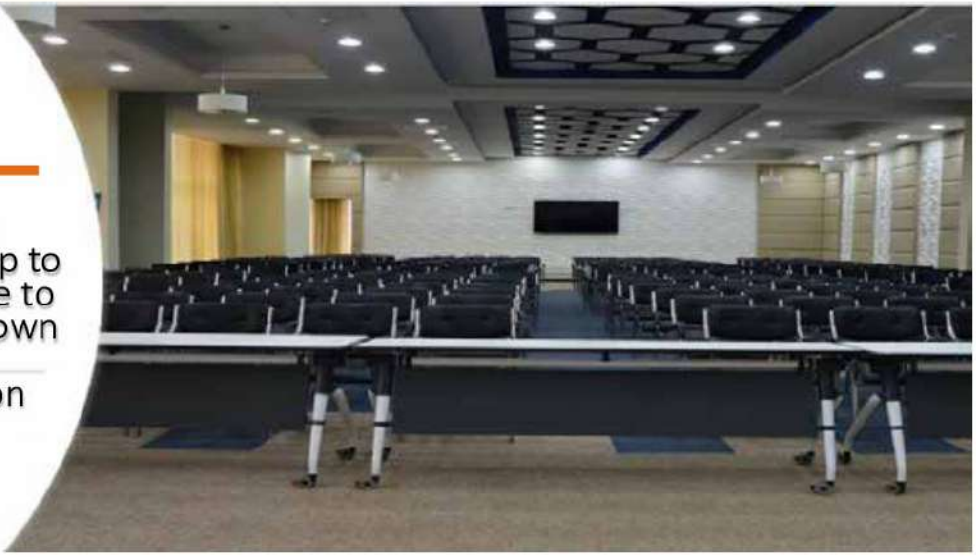
DATA CENTRE

Mwalimu National is now running on the latest Core Banking System (CBS) that is set to revolutionize the way SACCOs transact in view of business growth. This is a scalable system that has already been adopted by some leading SACCOs in the country.

We also have a state-of-the-art Data Centre for all your business continuity needs. The Data Centre guarantees you secure, accessible and carrier neutral facility.

Conference Facility

Our ultramodern conference facilities can accommodate up to 500 persons but in adherence to Covid-19 measures, scaled down to 200 pax. It has Wi-Fi, Air conditioners, Digital Projection Screens and there is ample parking available.



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NEW FORTIS SACCO INITIATIVE IN NYERI COUNTY TO ACTIVELY ENCOURAGE FINANCIAL SKILLS, INVESTMENT AND MANAGEMENT AMONG THE YOUNGSTERS

Youth Sports and co-operative capacity building workshop

New Fortis Sacco, Kenya's finest loan service provider has launched a program in Nyeri County to promote financial literacy, entrepreneurship, and leadership among the youth.

A Youth Sports and Co-operative Capacity Building Workshop was conducted by the Sacco, which aimed to teach and encourage young people to become financially literate and self-sufficient entrepreneurs and leaders.

This was an ideal opportunity to teach young people who had never had the opportunity to experience the true cooperative spirit, in which people work together to generate wealth.

The initiative's purpose is to reach out to various groups of young people, bring them together, educate, counsel, and coach them on how to stay together not only for athletic events, but also for more long-term projects.

Saving money and generating job prospects (Financial Intelligence)

During this Capacity Building Workshop, the youngsters were taught how to handle their finances by being able to concentrate and envision what they desire in the near future.

This program provides an opportunity for adolescents to learn how to save money and generate job prospects. They will be able to seek grants in the future to help them stay afloat.

To be able to sustain themselves, the organizations will need to be well-structured in terms of governance, integrity, a culture of saving, borrowing, and being able to spend that money wisely.

Business Startup initiatives

The Sacco picked the CAK's cooperative magazine to teach the young people on how to engage in startup initiatives to make cash while instilling the entrepreneurial spirit.

The sacco wants to show the young people that they can play football and make money at the same time, since sports careers pay well.

It also intends to inspire young people to create micro-groups in the future and then teach them about saving culture. These millennial will be able to borrow and spend their money properly by the end of the day.

During the program, the young people were taught how to become leaders of today and tomorrow in whichever field they choose. This is

History of Newfortis Leadership

crucial in opening their minds and providing them a reason to think about things other than what they're doing right now.

As a Co-operative, the Chairman stated that they wish to see the youth clubs headed in the correct manner by the appropriate people. The groups must establish governance structures to ensure that their objectives are met. The young people needed to learn what a leader is during the workshop so that when they elect leaders, they choose leaders who would guide them and ensure that the group's vision is realized.

Other mentors

Newfortis Sacco has enlisted the help of other mentors, including the Nyeri County administration, ABC leaders, and the International Co-operative Alliance Africa Youth Network, in order to operate this program.

ABC Leaders is a soft skills training firm that focuses on corporates, youth, and leaders. They try to close the gap between what is taught in academic courses and what is anticipated in real life.

Youths have so much untapped potential and the Sacco needs to assist them in becoming stronger and better members of society. The International Co-operative Alliance Africa Youth Network collaborates with global and regional governments and organizations to promote co-operative entrepreneurship through youth empowerment and entrepreneurship programs.

ICA Africa's Youth Network representative in the workshop came to train and equip the young people to be entrepreneurial leaders who are self-sufficient and capable of starting businesses because they will be financially literate.

Expansion to sub-counties in Nyeri and other counties across the country

Newfortis Sacco is optimistic that this is just the beginning of what they want to achieve for the kids, with the cooperation of Nyeri county government, the Ministry of Sports, and other stakeholders.

The goal of this initiative is to be able to expand up to additional sub-counties in Nyeri and eventually to other counties across the country.

This initiative can be borrowed throughout Africa and around the world to ensure that young people's minds are tapped as early as possible, helping even nations establish a culture that will benefit people to be more self-reliant.

The sacco wants to show the young people that they can play football and make money at the same time, since sports careers pay well.

NewFortis Sacco

Because we are better together

VISION STATEMENT

To be a leading financial institution in providing efficient and competitive products and sevices in kenya.

MISSION STATEMENT

To enhance customers confidence and sustain their economic development through prudent management and innovation at competitive rates to attain their objectives and aspiration.

WHO CAN JOIN US?

Membeship is open to all individuals, businesses, groups, institutions, companies, societies, other organizations and pensioners.

INTRODUCTION

NewFortis Sacco rebranded in 2015 from Nyeri Teachers Sacco that was registered in 1976 with a membership of 857 drawn from all teachers of primary, seconaday and tertiary institutions. It is now open to all members.

OBJECTIVES

The main objective is to mobilize members savings and grant loans to members at affordable interest rates.

PRODUCTS & SERVICES

FOSA SECTION

1. Savings Account
2. Fixed Deposit Account
3. Christmas Account
4. Salary Processing / Pension
5. Salary Advance
6. Special Advance
7. Fanikisha Loan
8. Mwalimu Special Package
9. Premier Loan
10. Lainisha Loan- FOSA
11. Jiinue Loan
12. Pride FOSA
13. M-Loan

BOSA SECTION

1. Development Loan
2. Preferential Loan
3. Pride Loan
4. School Fees Loan
5. Emergency Loan
6. Lainisha Loan- BOSA
7. Risk Management Programme
8. Retirement Package

OTHER SERVICES

1. Fortis Cash
2. Safe Custody of Documents
3. School Fees Cheques
4. Sacco Achievements

HEAD OFFICE

Off Kenyatta Rd., Bank | P.O. Box 1939 - 10100 Nyeri | Behind Co-op
Tel/ Fax (061) 2034287 | Mobile: 0725 349 343 | Tel. (061) 2034287

NANYUKI BRANCH

Tel/ Fax (061) 2034287
Mobile: 0725 349 343
Tel. (061) 2034287

KARATINA BRANCH

P.O. Box 1939 Nyeri
Tel: (061) 72355

OTHAYA BRANCH

P.O. Box 1939 Nyeri
Tel: (061) 315002
Cell: 0725 349343

NAIROBI BRANCH

P. O. Box 1939 Nyeri
Tel: (061) 2034282
Cell: 0725 349 343

Message From
General Manager
Joseph Kamiri

HEALTHCARE AFTER RETIREMENT

The emergence of Covid-19 pandemic and its effects has had adverse effects on households and businesses worldwide. In Kenya, the cooperative movement has experienced the pressure arising from the effects of the disease evidenced by a reduction in business activities due to government restrictions, as well as job losses in cooperative entities extending to the supply chain. In spite of the challenges faced during this period, cooperatives in Kenya have remained resilient with SASRA 2020 annual report recording that total assets for deposit taking Saccos grew by 12.75% to reach KShs 627.68 billion from KShs 556.71 billion in 2019.

As a leading insurer in the African market, one of the major lessons that stood out is the need for quality healthcare for people who have attained the retirement age. The average age for retirement in Kenya is between 60-65 years. Healthcare remains an integral part of life especially as one advances towards their golden years. As such, it is critical for every individual, whether an entrepreneur or employed, to start planning for their medical care after retirement.

According to the National Census conducted in 2019, the number of older persons in the country had reached about 2.7 million, representing about 6% percent of the total population.

The Kenyan constitution recognizes the rights of older person in our society. In article 57, the constitution dictates that the government will take measures to ensure rights of older persons are recognized and fully participate in the affairs of the society, pursue personal development, live in dignity and respect and be free from abuse, and receive reasonable care and assistance from their families and state. This section values the contribution of the senior citizens in our society.

Post retirement planning

The quality of life after retirement is dependent on various factors. At the core is saving for retirement in order to guarantee financial freedom. While an individual may not have the daily, monthly, or yearly income, they will still need to take care of their expenses, which may include food, housing, healthcare and entertainment among others. Most of the individuals do not plan or start saving well in advance and this makes them vulnerable to life challenges.

Planning for medical care

As Africans, we are socially interconnected. Owing to our upbringing and as part of our cultural norms and values, we have become accustomed to being a support system to our families and friends. Medical bills are often an expensive affair especially as one ages with the common practice being reaching out to family and friends to raise money towards clearing the bills. In certain instances, the medical expenses are for services offered outside the country.

Recognizing this need, CIC Group has developed a product to take care of this special class of individuals in our society.

The company launched a Seniors Mediplan cover targeting senior citizens from the age of 60 years. While the joining age is capped at 80 years, the insured will remain on cover for life guaranteeing medical protection to senior citizens after retirement.

The product offers in-patient, outpatient, dental, optical, overseas treatment, and within East Africa the benefit of ambulance and air evacuation. Also included is coverage for pre-existing and chronic conditions as well as a Covid-19 cover. The product will also be offering a last expense cover if the insured person passes on while the cover is in force.

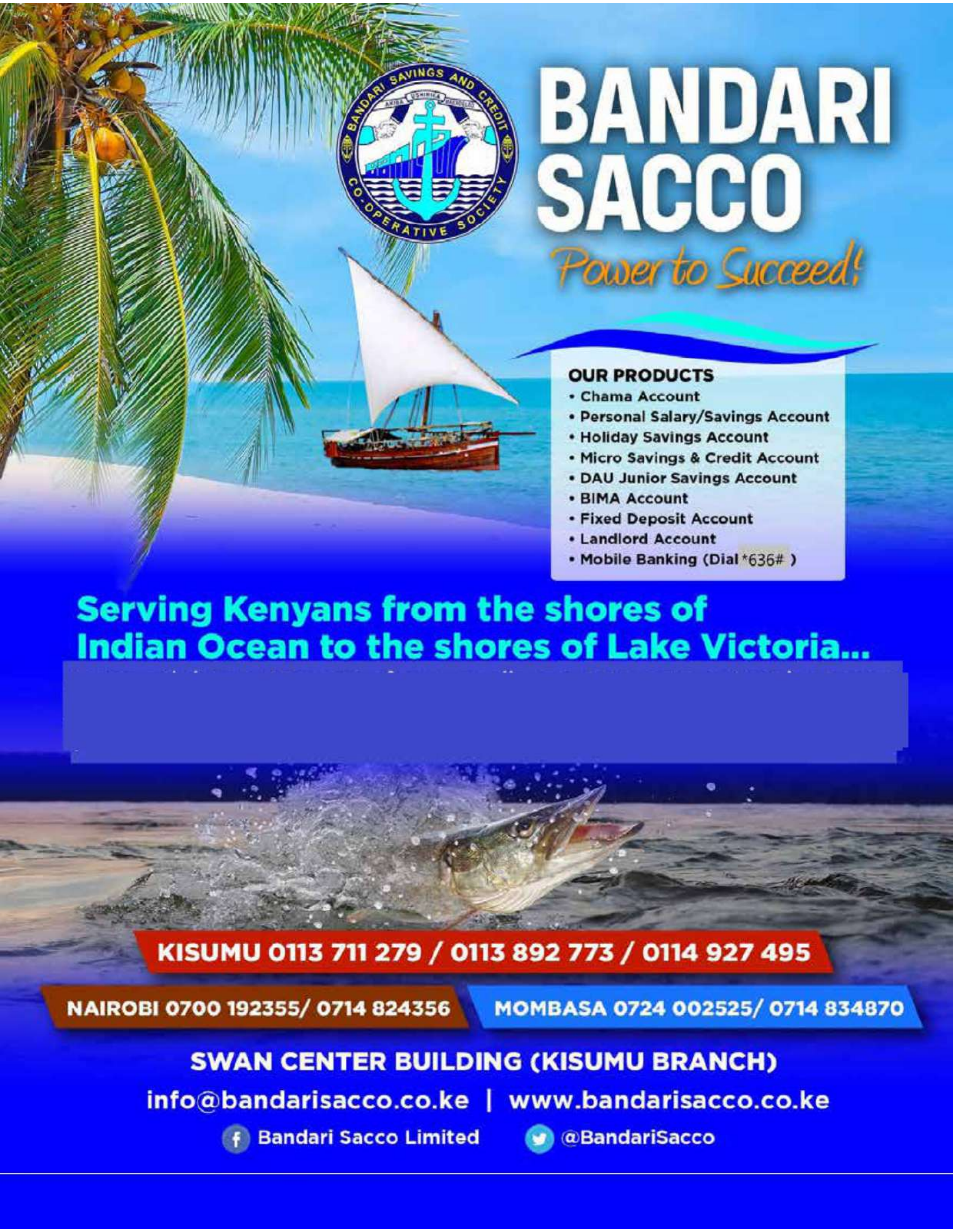
Children who form part of the dependants of the insured are not be eligible and customers have access to an alternative cover under CIC Family Medisure.

To enrol for the cover, you will be required to submit medical records. Other documents required include a copy of ID/passport of the individual purchasing the insurance cover and that of the spouse as well as a copy of PIN certificate for the soon to be insured, referred to in insurance term as the principal member.

By taking up this cover, life savings can then be channelled to other income generating activities after retirement, empowering people to live a better life.

The writer is the General Manager – Marketing and Customer Experience – CIC Group


CIC Seniors Mediplan
HEALTH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SWAN CENTER BUILDING (KISUMU BRANCH)
info@bandarisacco.co.ke | www.bandarisacco.co.ke
Bandari Sacco Limited
@BandariSacco