
GOVERNANCE IN SACCOs

A Critical Factor for Success

SACCO Governance

OUTLINE OF PRESENTATIONS



- Introduction
 - SACCOs Governance Structure
 - Strengths and Weaknesses of Governance in SACCOs
 - How to Improve Governance in SACCO
 - Conclusion
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Introduction



What is a SACCO?

- SACCO = Savings and Credit Co-operatives
 - ❑ Financial Co-operatives
 - ❑ Member **owned**, member **control**, member used
 - ❑ Group share a common field of membership
 - ❑ Usually **Not for Profit**
 - ❑ **Not for Charity** but
 - ❑ For **Service**

Introduction Continued

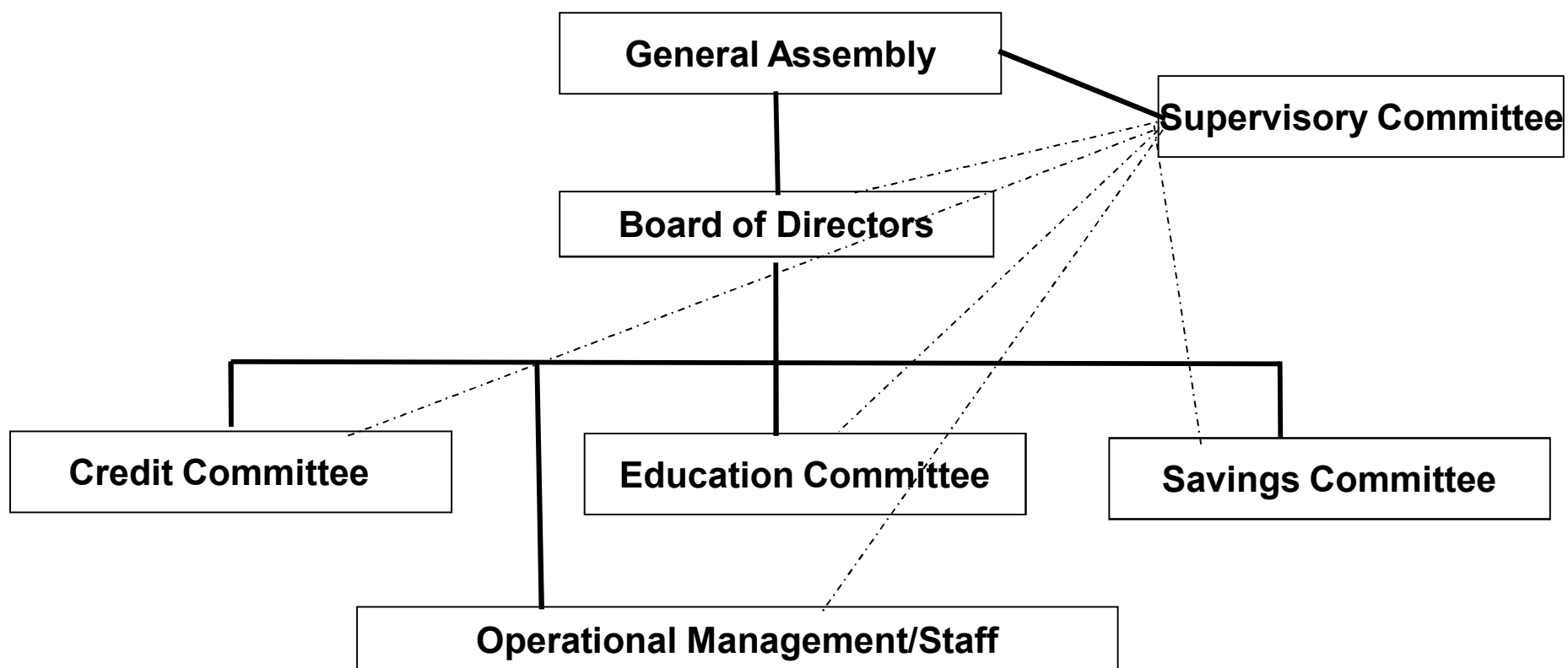


What is Governance?

- ❑ The structures, responsibilities, and practices used to help an organisation **achieve the goal of its mission** (Plumptre, *et al*, 1999)
- ❑ It is a process by which a board of directors, through management, guides an institution in the **fulfillment of its corporate mission and protects its assets** over the course of time
- ❑ The system by which corporations are directed, controlled, and held to account (ICGU)



SACCO Governance Structure



Strengths of Governance in SACCOs



- Democratic control
 - ❑ One person, one vote
 - ❑ Equity irrespective of volume of business
 - Annual General Meeting of membership
 - ❑ Participation of clients/end users in policy decisions
 - Supervisory Committee
 - External oversight
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Weaknesses of Governance in SACCOs



- Volunteer board
- Elected leadership v. professionalism
- Power imbalance
- Inadequate succession planning
- Less empowered ordinary membership
- Inadequate regulation and supervision

How to Improve Governance



- Member education
- Appropriate incentives for elected officials
- Rationalise leadership election process
- Strengthen the supervisory committee
- Performance targets for BOD
- Establish succession planning for leadership
- Subject large SACCO to some prudential regulations/supervision

Conclusion



- Good governance remains most vital link to SACCOs sustainability and survival.
- The ultimate aims of governance
 - ❑ Increased profitability and efficiency
 - ❑ Enhanced ability to create more value for members
 - ❑ Transparency, accountability, and integrity of the SACCO



***“It takes 20 years to build a reputation
a only 5 minutes to ruin it”***

Warren Buffet

End of Presentation

Thank You!!!!

Asante Sana!!!!