small savings BIG FUTURE

Membala opambana

An executive level boss by profession, a frequent and visionary saver by choice!

Kulimbikitsa Kudzidalila
VISION
To be a leading financial cooperatives development centre of excellence in Malawi.

MISSION
To facilitate and promote on sustainable basis the growth and development of SACCOs through provision of a diversified range of financial, technical, administrative and other support services and products.

SECURITY & RISK MANAGEMENT

CORPORATE POLICY ADVOCACY HUMAN RESOURCE

FINANCIAL COOPERATIVES PROMOTION, GROWTH & DEVELOPMENT

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EDITORS NOTE.

With great pleasure, greetings and welcome you all to 2013’s first issue of ‘Khwelero’ magazine, a publication of the Malawi Union of Savings and Credit Cooperatives (MUSCCO).

MUSCCO is a national democratically controlled apex organization of Savings and Credit Cooperatives (SACCOs) affiliated to it. MUSCCO was established to promote, develop, support and service SACCOs in Malawi.

The first half of the year 2013 has been great with so many activities that have taken place. For reasons of space and time we cannot publish all of them in this issue. We have however tried our best to capture for you some of the memorable highlights such as the policy makers’ symposium. The auditor’s page gives an informative account of how the Reserve Bank of Malawi is supporting the movement through directives. And if all along you thought that SACCO is only for low income earners or only meant for the rural population; you are in for a surprise; don’t miss the testimonials and see how people’s lives have been transformed by that simple decision they made to be a SACCO member.

The years ahead look more promising for the SACCO movement as people from all walks of life are starting to understand fully what SACCOs are all about. As the saying goes ‘train a child while still young’, MUSCCO also believes in training and preparing the youth for tomorrow by encouraging the saving spirit in them. The recently launched youth savings program in Karonga bears witness to this and it is evident that the youth don’t want to be left behind as SACCOs continue to build a better Malawi.’

Special thanks to you all our dear readers, enjoy reading the magazine and if you are not a SACCO member yet, I urge you to join today and help to build a nation of savers. If you are already a SACCO member, remember to encourage others to join so that they too can secure their financial future. SACCOs are a happy family!! Don’t you want to be happy??

Thandie Mipando Phulusa

‘The size of the amount does not matter. What matters the most is for one to believe that small drops of water make a mighty ocean’. (Emmanuel Darko).
Greetings! The issue of Khwelero which we have all been waiting for is now with us. As usual, it is packed with rich information on how SACCOs are changing peoples’ lives out there. What is even more pleasing is that this particular issue of Khwelero is coming out at a time when the momentum for SACCOs in this country is steadily rising. People from different economic and social strata are coming forward to find out how SACCOs can make a difference in their lives. You will read about practical examples and live testimonies of how men and women alike are securing their financial future through SACCOs. This is why some of us are deeply concerned and troubled that at a time when SACCOs are proving to all that if properly supported and harnessed, they can become a lasting and sustainable solution to deepen financial inclusion and provide financial security to the vast majority of our people, you have some government departments withholding Sacco members savings and loan repayments. There is no any other way of describing this other than defeating the very essence of a Sacco; which is to encourage savings mobilization which every government should encourage its citizens to embrace. How do we build a saving culture in a country, if some government officials are literally sabotaging initiatives meant to inculcate the habit of saving regularly which any government should support and promote. Savings are a backbone of the economy. Our hope is that those few unscrupulous individuals in government who are hell bent to derail the cooperatives agenda in this country while the current leadership is prioritizing growth and development of cooperatives as vehicles for fighting poverty and hunger, will stop their anti development antics and support government to accelerate growth and development of cooperatives the proven and tested economic and social development tool.

Research has shown that all countries with a strong cooperatives tradition tend to have much lower levels of poverty and citizens of those countries loathe a dependency culture. SACCOs promote a spirit of self reliance. We want Malawians to be masters of their destiny, to believe in themselves, to do things for themselves, not to depend on government for everything, to develop themselves, to support their communities and to refuse the indignity of hand outs and begging by able bodied men and women. This is what cooperatives do for the people.

If you are on this page, my humble request to you is, please help us to help Malawians to help themselves by building a nation of savers.

Enjoy the rest of the pages.

Save Regularly Secure Your Financial Future

Sylvestor Kadzola
27th and 28th May 2013 will always remain one of the great moments in the history of the Malawi Union of Savings and Credit Cooperatives (MUSCCO). 23 years after such an event was last held and saw the birth of many Savings and Credit Cooperatives (SACCOs) MUSCCO held another successful policy makers symposium on growth and development of SACCOs in Malawi at Bingu International Conference Centre in Lilongwe.

Under the theme 'Financial Cooperatives are a catalyst for a strong Domestic Financial System’ MUSCCO in partnership with the Canadian Co-operatives Association (CCA) and the Swedish Cooperatives Centre (SCC) targeted top policy makers in government and private sectors respectively in order to provide a unique platform for renowned cooperatives experts from Unites States of America, Canada, Ghana and Kenya to share with senior officers in government and the private sector their vast practical experience in cooperatives development. Symposium participants had firsthand experience from these experts on how cooperatives and SACCOs in particular have played a transformative role in the economic and social empowerment of the citizens of their respective countries. This was also an opportunity for participants to get specific and concrete suggestions and strategies on how cooperatives in Malawi, if properly supported and harnessed, can play a catalytic role in the development agenda of the country.

The guest of honor, Minister of Industry and Trade, Honorable Sosten Gwengwe, presided over the official opening of the symposium. He pledged government’s support to ensure that cooperatives receive the support and attention they deserve as tools for transforming the lives of Malawians socially and economically. He further said that government supports the initiative taken by MUSCCO to bring together policy makers to interact and influence establishment of SACCOs in order to bring the economic independence Malawi desires.

The presentations included: International update on credit unions, Reserve Bank of Malawi’s perspective on growth and development of financial cooperatives in Malawi, The evolution of financial cooperatives in Canada, Role of government and private sector in transforming financial cooperatives sector in Kenya and if Africa needs SACCOs? Guest Speakers included Dr Brian Branch-President and CEO of The World Council of Credit Unions, Charles Chuka- Governor of The Reserve Bank of Malawi, Ingrid Fischer-Africa Regional Director of The Canadian Cooperative Association, Stanley Wafuta Ongeti, Deputy Commissioner for Co-operative Development from Kenya and Emmanuel O. Darko, General Manager of Credit Union Association of Ghana respectively.
AN EXECUTIVE LEVEL BOSS BY PROFESSION,
A FREQUENT AND VISIONARY SAVER BY CHOICE!

While some people out there still believe that SACCOS are only for the rural population and low income earners, some are proudly enjoying their financial freedom as they continue to save more and more. They wish they had made that decision long before, for they have seen how SACCOS have helped them transform their lives. While most people find it difficult saving money in these hard financial times and high cost of living, Mr. Isaac Kambilinya, the Administration Executive for Auction Holdings Limited Group of Companies, has found it easy to have an extra source of income with a flexible saving plan. He is financially secure and stable with the help of a SACCO. He has managed to accumulate a relatively healthy savings account through discipline and courage.

‘I joined AHL SACCO on 15th August 2003, but this was not the first time that I heard about SACCOS. It all began before I joined AHL Group of Companies, when I was working for Press Agriculture Ltd some years back. My interest grew when the SACCO education committee sensitized me about SACCOS and my life has not remained the same since then’, narrates Mr. Kambilinya. His life is not just a dream but reality and this cannot be denied by just looking at what he has managed to accomplish with the help of a SACCO.

‘While a member at Press Agriculture Ltd., I was recognized and rewarded for being one of the best savers nationwide and this encouraged me more. When I left Press Agriculture and joined AHL Group of Companies I was happy to find a SACCO there and I did not hesitate to join for I had already seen how my life had changed for the better with the help of SACCO. Not only have I managed to save K2, 370, 000.00 in shares but I was also elected AHL Sacco President from 2007 to May 2013. I have managed to do this by following all that SACCOs teach us to do; that is, to save regularly, borrow wisely and repaying promptly, it’s as simple as that.

I benefit a lot from my shares because I relatively enjoy large sums of dividends from the profits that AHL SACCO registers every year. Besides that, I also enjoy the benefit of getting short and medium term loans for my personal use. I am also one of the beneficiaries of the 50 Lilongwe City plots which AHL acquired through AHL SACCO. Currently I am building a house on the plot and SACCO loans are one of the sources of finance for this project.

When it comes to loans, I prefer to get a loan from a SACCO than other lending institutions because in case of emergencies, SACCOs are able to provide me with finance without hassles and secondly because loans are insured with MUSCOCO and incase of death, my beneficiaries will not bear the burden to repay the loans. My intention is to increase the shares more because I consider and look at SACCO shares as one way of complimenting and maximizing my terminal benefits when I retire from employment’ proudly explains Mr. Kambilinya.

Mr. Kambilinya, who is a member of the executive management team at AHL Group of Companies, says he believes that SACCO is for everyone regardless of professional or societal position, tribe, or social class. The other good thing that makes him to be a proud SACCO member is the fact that he is a part-owner of the SACCO through shares. Now, who wouldn’t smile after all these achievements!!!

‘I am encouraging others, who have not yet joined a SACCO, to do so, for I believe your lives will never ever remain the same. For existing SACCO members, my advice is; increase your savings and tell others about the benefits of being a SACCO member. Let me also take this opportunity to stress the importance of developing a healthy personal saving plan and also teach the youth to develop a saving culture through SACCO membership’.
ENHANCING COOPERATIVE ENTERPRISES DEVELOPMENT THROUGH CONTINUOUS ASSESSMENT.

By Theana Msolomba Chipeta

The Malawi Union of Savings and Credit Cooperatives, MUSCCO, in partnership with The Canadian Credit Association, CCA, conducted Development Ladder Assessment training for SACCO and MUSCCO Board members, management and staff. The 10 day training, which was conducted from 29th June-9th July, 2013, was aimed at providing participants with a standard of co-operative development against which a co-operative enterprise can measure itself as it seeks to build and strengthen its capacity and performance.

As an organisation that believes in building a nation of savers, MUSCCO organised this training to continue strengthening the growth and development of SACCOs in Malawi. SACCOs are playing a transformative role in the economic and social empowerment of many Malawians both in urban and rural areas. MUSCCO believes that stronger co-operatives are better able to serve their members, and in turn their communities.

The Development Ladder Assessment for Co-operative Enterprise (DLA) is a participatory capacity building assessment tool for co-operatives. The tool is very versatile and is used as a needs assessment tool, a planning and management tool and monitoring and measurement tool. It has four components each with its indicators; Vision, Governance and Member Engagement, Management Capacity and Business Development, and lastly Financial Management. The process is complemented by reviewing of relevant documents, which may include strategic plans, by-laws, policies and procedures, operational/ business plans, financial statements, agendas and minutes of meetings.

Linda Archer, Rowland Kelly and Rick Doerksen (Canadian volunteers) trained in DLA facilitation came to Malawi to train the MUSCCO Board and MUSCCO staff members from Business Development and Financial Services department. The MUSCCO Board were taken through the DLA process as a means of reflection but also to help them fully appreciate the importance of applying the tool to SACCOs countrywide. The MUSCCO staff were trained in DLA facilitation so as to ensure ongoing application of the DLA tool to SACCOs after the Canadian volunteers leave.

Continued on the next page
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Three teams, each comprising of one Canadian volunteer alongside two trained MUSCCO staff, conducted the DLA training in 6 selected SACCOs across Malawi namely; Nsanje and Bvumbwe Community SACCO in the South, Ulimi and Chikangawa SACCO in the North and Central respectively, and Tikwere and Mzimba Teachers SACCO in the North.

The overall training was aimed at facilitating on-going development of the SACCOs, based on self-reflection and collective learning. The participants included respective SACCO Board members, the SACCO Supervisory Committee and SACCO Management. The exercise led participants to reflect critically on how their respective co-operatives are functioning, and to generate ideas for action to improve areas of weakness. These training will be rolled out in the remaining SACCOs to ensure sustainable growth and development for the movement as a whole.

As highlighted in the previous paragraph, an important methodological aspect of the tool is the link between reflection and action. In the 6 SACCOs the DLA acted as a needs assessment tool, action points from the assessment were turned in to Action Plans for each SACCO. For MUSCCO, the analysis of common needs and trends across all 6 SACCOs has led to the identification of common issues and re-planning of projects and trainings to address these needs. Some of the common areas identified included, need for comprehensive understanding of SACCO financial Monitoring and analysis tool (called PEARLS) and interpretation; need to come up with formalised succession plan, disaster recovery plan, Board evaluation and code of ethics.

The DLA also acted as monitoring and measurement tool. The 6 SACCOs financial performance was subjected to PEARLS (Protection, Effective financial structure, Asset Quality, Rate of Return, Liquidity, and Signs of Growth) analysis and interpretation. The analysis revealed that some SACCOs’ financial performance was better than others. However the coming in of Reserve Bank of Malawi as a regulator of financial co-operatives, will ensure that SACCOs are being properly governed like any other financial institution and member funds are secure at all times.

It was also observed in the 6 SACCOs that necessary governing mechanisms are in place and member involvement through different channels were available, nonetheless, the high levels of delinquency demonstrated that member commitment needs to be strengthened. Further, SACCO marketing and communication strategies must be improved to ensure that both existing and prospective members fully appreciate not only the benefits of belonging to a SACCO but also utilizing SACCO services.

Lastly, it is important to note that the DLA tool can be applied to any cooperative enterprise be it agricultural, marketing or any other sector and not only the financial cooperatives. In the spirit of promoting cooperation among cooperatives MUSCCO staff trained in DLA facilitation will be offering the DLA process to all interested cooperatives.

In conclusion, the DLA tool if properly applied to cooperative enterprises can work to identify needs, plan, monitor and measure performance. But as already stated the DLA process needs participants to deeply reflect on their current situation and come up with relevant action plans for on-going development of their SACCO. Long live SACCOs!!!!!!
SAVINGS BUILD RESILIENCE, CAPACITY AND CONFIDENCE:
A STORY OF ELLEN MAKWITE

By Leroy Dickson Banda

On the onset of Malawi Lake Basin Program in 2006, targeted beneficiaries doubted their ability to build savings as capital base for their livelihood enterprises. SACCO membership idea to most of them was a distant dream as they felt they would not be able to buy shares in a financial cooperative. With the advisory role of MUSCCO on financial services provision on the program, Group Savings and Loans Association, GSLA, model was introduced to teach community members the habit of regular savings in small groups as capital and access of credit based on self-designed conditions for self-reliance took off on a slow but steady trend as SACCO precursor.

Seven years on, the model has won the hearts of many community members and they are ready to form their own SACCO by bringing together all the GSLAs on the program. This is a big picture. At individual level in the course of the seven year period countless individuals have stories to tell of how GSLA involvement has assisted them. One such community member is Ellen Makwite, whose story is testimony that rural people can save and accumulate wealth.

46 year old Mrs. Ellen Makwite is a member of Chikondi GSLA group with 17 members, all women, under Msangu Cluster, from Kachere village, T.A Maganga; Salima District. During the year 2012 end of the cycle share-out, Ellen got K55, 208.00 from a pool of K400, 000.00 which the group had accumulated at the end of the cycle.

At the beginning of the 2012 cycle, Ellen Makwite promised to buy an ox with the money she would get from her share out and she exactly did that. Working hand in hand with her husband, Mr. Laliyo Makwite, Ellen accomplished her mission and bought an ox at K52, 000.00 in November, 2012.

Ellen Makwite is a woman with a strong drive to accomplish whatever goals she sets at the beginning of every cycle. In 2011 she had planned to own a cassava garden with the money realized from the GSLA. Now she is a proud owner of a three acre garden of cassava and she is intending to sell the cassava in September, 2013. Ellen is a mother of six and two grandchildren and despite having such a big family; the household is food secure due to her involvement in a GSLA. Access to credit at the group enables her to be able to meet household emergencies, and has learned how to plan her finances for future investment.

During the current 2013 cycle, she has accumulated over K20, 000.00 in shares and with the support of her husband, Laliyo, she plans to buy a second ox and an oxcart with the money realized from the savings and cassava sales. This is testimony to the fact that when empowering women, men involvement is critical so that envisaged plans should be shared with the husband for support.

'Give a man a fish; he will eat for a day. Give a woman microcredit; she, her husband, her children and her extended family will eat for a lifetime', (Bono, 2010).
MEMBALA OPAMBANA
BAMBO LIMBANI MOYA.

MUDI SACCO
Pamene anthu ena amachiona chinthu cha mtengo wapatali kapena chovuta kusunga ndalama munyengo ino imene ndalama ikuvuta aliyense, ena akusimba lokoma chifukwa akuchiona chinthu chapafupi kusunga ndalama pafupipafupi. Ena mkumati koma momwe moyo ukusautsiramu mzotheka munthu kumakhala ndi ndalama yosungakanso?

Anthu ambiri akusimba lokoma lero chifukwa anapanga chiganizo chokhala ndi ndondomeko yabwino yosungira ndalama zawo polowa SACCO. SACCO ndi bungwe lopangidwa ndi anthu ndi cholinga cholimbikitsa kuzidalira pa nkhani ya zachuma.

Nthawi zambiri tikamamva za momwe miyoyo ya anthu ikutukukira kumbali ya za chuma, ambiri timaona ngati nzakutulo kapena chinthu chovuta. Bambo Limbani Moya ndi mmodzi mwa anthu amene akusimba lokoma patsiku lalero ndipo lwo ndi munthu wonyadira pokhala membala wa Mudi SACCO komanso pakhomo pawo ndi pa mwana alilenji.

Mudi SACCO ndi SACCO ya anthu apa ntchito okhaokha, kuchokera mu makampani osiyansiyana ozungulira mzinda wa Blantyre. Anthuwa amadulidwa ndalama zawo mwezi ndi mwezi ndi mwezi zonse zodulidwazo zimatumizidwa ku SACCO pakutha pa mwezi uliwnse. SACCOyi yakhala zaka 23 ikugwira ntchito zake muno m’Malawi ndicholinga cholimbikitsa kuzidalira pa nkhani ya chuma.

Bambo Limbani Moya anachiona cha nzeru ndi chosangalatsa kuti akhale membala wa SACCOyi atamva zambiri zaubwino wa SACCOyi kuchokera kwa anzawo wogwira nabo ntchito ku Nation Publications

Ikupitilira pa Tsamba lotsatila

Bambo Limbani Moya akhala membala wa Mudi SACCO kuchokera mchaka cha 2008. Iwowa anayamba kusungitsa ndalama mokhulupirika mwezi ndi mwezi kufikira anayamba kutenga ngongole pogwiritsa ntchito ndalama zawo zomwe anasunga.
MEMBALA OPAMBANA

Kuchokela pa tsamba 12

Limited omwenso ndi membala a SACCOyi.

Chidwi chawo chinakula pozindikira kuti anali ndimwayi wosunga ndalama mwapang’onopang’ono komanso kutenga ngongole ku SACCOyi. Chifukwa chakuti kunali kovuta kwa iwo kuti atenge ngongole yaiyiku lu kumalo awo ogwira nthchito, iwo anaachiona cha nzeru kuti akhale m’modzi wa membala a Mudi SACCO popeza kampani imene amagwirako nthchito inali kale ndi membala ku SACCOyi. Pachifukwa ichi sikunali kovuta kuti iwo akhale membala ndikukhala ndi mwawi wosunga ndi kubwereka ndalama ku SACCOyi.


Kupyolera mungongole zomwe akutenga ku SACCOyi, iwo akwanitsa kusintha moyo wawo m’magawo ochuluka monga, kugula malo ndikumanga nyumba ya pamwamba komanso yamakono. Akumangando nyumba ina yamakono, komanso anakwanitsa kugula galimoto ya mtidi/wofuwofu imene amayendera.

Bambo Limbani Moya sanangosintha moyo wawo wokha, komanso moyo wa pa banja pawo unasintha moti akazi awo anayamba business yopita kunja kwa dziko tino kukatenga katundu wosiyanasiyana kupyoleri mu ngongole zomwe bambowa amatenga ku Mudi SACCO. Banjali lii ndi ana awiri omwe akuwaphunzitsa mosavuta, wina ali kusukulu ya ukachenjede pamene wina ali ku sukulu yasekondale. Komanso banjali limathandiza ana a achibale awo omwenso akuphunzira mosavuta. Koma kodila bambo Moya akwaniritsa bwanji maloto awo?

Mkucheza kwawo ndi mayi Triza Magreta, omwe ndi mkulu wogwira nthchito ku SACCOyi, Bambo Limbani Moya mkuyankha kwawo anati iwo amatatsira msanamira za SACCO zomwe ndi; kusunga ndalama kawilikawili, kukongola mwanzeru ndi maso mphenya ndipo msanamila yomaliza ndikubwenzu ngongole munthawi yake. Iwo anafo toko zanso kuti ku SACCOyi anaphunzirako kagwiritsidwe nthchito kawino ka ndalama; chomwe chavathandizano kuti chuma chawo chidzidyenda bwino ndikudziyimira pawokha kumbali ya chuma. Bambowa atsimikiza kuti Mudi SACCO yawapindulira kwambiri pokwaniritsa masomphenya awo omwe sakakanakwaniritsa pa iwo okha. Iwonso anati SACCO ndi ya wina aliyense yemwe akufuna kutukula moyo wake ndikukwaniritsa masomphenya ake.
THE INSIDE OF SUCOMA SACCO

Situated in the lower shire district of Chikwawa within Illovo premises is one of the country’s best financial cooperatives known as SUCOMA SACCO. Established on 26 January 1995 under the amended Co-operative societies Act, the SACCO took its name from the then Sugar Corporation of Malawi currently known as Illovo sugar.

It is said that “history is there for us to learn from, we live in the present to create the future!” Well SUCOMA SACCO has had its history with ups and downs but has learnt good lessons from that.

You may be surprised as to why there is a SACCO at Illovo, one of the biggest agricultural based companies in the country. As the management of Illovo noticed a growing demand for advances and staff loans which as a result was restraining its operational capital, SUCOMA SACCO was then established. Lest we forget, no one can be the jack of all trades! This is one of wise decisions that Illovo management made so that the company concentrates on its specialty which is sugar cane growing and milling.

In order to achieve its mission and vision SUCOMA SACCO develop products and services that are demand driven. These products are categorised into two main groups; savings and loans.

Savings are in form of shares and deposits (ordinary, school fees, Christmas, fixed and collateral) and all these products offer very competitive interest rates that are reviewed from time to time. Where members are not able to use their own savings for their financial needs, they are able to get loans from the SACCO using the various products the SACCO offers like; personal productive and provident loans, emergency, school fees, investment and material loans.

With clear and transparent policies in place, every member knows what needs to be done for them to qualify for which loan. All loans are counted in and out through your page.

The five brainy students that were adopted by SUCOMA SACCO and have their tuition, boarding and pocket money being paid by the SUCOMA SACCO for their secondary education.
there is need, the SACCO demands some levels of collateral from applicants.

Achievements
The pictures below show some of the achievements that members have been to make through SACCO which include sending their children to school, building houses, establishing businesses like maize mills and animal farms among others.

Corporate Social Responsibility.
As a corporate citizen, SUCOMA SACCO realizes the fact that it derives its success from the communities that surround it. The board appreciates the importance of education and related infrastructure hence, early in the year, SUCOMA SACCO donated a toilet for use by blind pupils at Makande primary school and in the later part of the year, SUCOMA SACCO started supporting 5 brainy but financially needy students who had been selected to go to various national secondary schools. The five are being sponsored for their tuition, transport and pocket money.

HIV and Aids prevention initiatives
We appreciate the fact that the availability of money and sexuality (promiscuity) has a linear relationship as such while we take time off to educate SACCO members about HIV and aids. With the help from Illovo clinic, the SACCO is able to distribute condoms to its members for free.

Corporate relations
The SACCO has a very good relationship with the parent company (Illovo), the apex organization; MUSCCO and internationally: the World Council of Credit Unions. No wonder Mr. Kadzola; the CEO for MUSCCO and Dr Branch; CEO and President for the world council of credit unions visited the SACCO

The Winning team
Behind a successful man, there is a woman. As the saying goes, SUCOMA SACCO nature’s family relationships because this is where success begins.
MRS. VITIMA MBUKWA;

A PROUD SACCO MEMBER, A PROUD MOTHER.

I am Vitima Mbukwa (nee Mthimbwa) a teacher by profession, teaching at Yamba Community Day Secondary School in Chitipa. I am married to Acting Mbukwa who is also a teacher at Nkhangwa Community Day Secondary School in Chitipa and he is also a prominent SACCO member. We have five children; four boys and one girl.

I first joined Chitipa Teachers SACCO in 1997 with savings amounting to K150.00 and my husband joined in 2002. In 2007, Chitipa Teachers SACCO merged with Karonga Teachers where I decided to continue with my membership. I have my shares and I have never been a defaulter. Whenever my money was not deducted on payroll, I could go and repay the loan on my own and encouraged even other members to do the same and testified the benefits of SACCO to those who were not and are not yet members to join.

I did not know the importance of SACCO, until I started saving and borrowing wisely, and the first loan I borrowed was used to construct our house which is near Kawale primary school. Later on our first born twins Henry and Hendrix got selected to Chaminade Secondary School, we kept on borrowing money for school fees from the SACCO because with our salaries only, we could not be able to make ends meet. The second and third born Limbani and Ipyana also got selected to Chitipa and Livingstonia Secondary Schools respectively. As that was not enough, the last born Atupele got selected to Chitipa secondary school too. All in all the SACCO has assisted us a lot to educate our children, as a result one of our children completed Bachelors Degree in Radiography at University of Johannesburg in Republic of South Africa and the other twin is currently pursuing a Bachelors Degree in Monitoring and Evaluation at Catholic University in Chiladzulu and the other children are pursuing different courses, all this because of SACCO. When I look at my children, I can’t help but feel proud to have joined a SACCO for I know my children’s future is secure. I am not just a proud SACCO member but also one proud mother of educated children.

Apart from educating our children, we also have a lot of assets namely, cattle, chickens, motor cycle and all necessary household items and our living is normal as the ones living in town. Despite the fact that we are teachers, we also carry out some small businesses such as selling chickens and eggs.

A word of encouragement to those who have not yet joined SACCOs; is to join but aim at savings and
small savings BIG FUTURE

The recently launched youth savings program, rolled out in Karonga, is a wish come true for Tikwere Community Sacco. It was all joy for the youth that surround Tikwere Community Sacco, especially those attending Lulindo FPs School, Karonga Girls Secondary School and St Mary’s Girls Primary School.

Training and awareness sessions were conducted in the respective schools with the aim of educating and training the prospective Sacco members on everything they needed to know; from enrolling new members to managing savings and credit.

The training was a success such that the three schools, which were later on, grouped into six clubs managed to save a massive K 96,730 within a week. The Tikwere Community Sacco youth savings program was finally launched on 12th of July 2013, in a colorful and vibrant event that was held at the St Mary’s Girls Primary School.

Plans to establish more clubs in other schools within this region are already underway.
MZIMBA TEACHERS, LEADING BY EXAMPLE.

By Venge Tembo

Mzimba Teachers Savings and Credit Cooperative Society Limited was recognized as the 2012 Best Saver in MUSCCO Central Finance Facility (CFF) at 32nd MUSCCO Annual General Meeting held in Lilongwe on June 29, 2013.

Central Finance Facility (CFF) is a facility or fund operated by SACCOs national association like MUSCCO, often as separate department or as separate entity within the SACCO system, to provide SACCOs with a secure place for liquid funds, to offer investment opportunities and credit when needed. The CFF has an advantage that it establishes a strong financial system for the nation’s SACCO movement. As SACCO business mostly centres at mobilisation of savings from people and businesses, the Central finance facility acts as repository for these savings and regular savings from members is the cement that binds the foundation of SACCO movement and hence contributes to economic growth of the Nation. For an adequately capitalised facility, the movement ably absorb losses and cope with economic fluctuations as all SACCOs share investments and loan delinquency risks. CFF also allows SACCOs to invest in variety of instruments at competitive market rates and access to funds during times of tight money.

Mzimba Teachers SACCO has been receiving the award since 2010. Venge Tembo talked to Albert Moyo, the Lending & Investment Manager for the SACCO.

VT: Your SACCO has the biggest investment in CFF than in any other financial institution. Why is this the case?

AM: There are four major reasons for our investing in CFF and these are:

Building strong SACCO Movement – We believe in savings together and growing together. SACCOs have a common goal of providing convenient and affordable financial services to members. Investing in CFF ensures that SACCO funds remain within the system to support all members regardless of which SACCO they belong to thereby contributing to building a financially strong SACCO movement. We are guided by a Cooperative Principle: 'Cooperation amongst cooperators'. As a SACCO, we understand that we all queue to the Central Finance Facility to borrow and finance our liquidity gaps in times of need. The Central Finance Facility builds a fund that provide this service to SACCOs through the deposits we make into this fund. Thus, as a SACCO saves more into this facility, it increases its capacity to access more liquidity in times of need. For example, as teachers’ SACCOs, we face liquidity problems when the Government does not remit payroll deductions from teachers’ salaries to our SACCOs. Mzimba SACCO has been saved by the Central Finance Facility which has always provided liquidity to the SACCO because we have adequate savings in MUSCCO.

Safety of funds – The SACCO invests in CFF to protect members deposits in event of a SACCO failure. This increases members’ confidence regarding safety of their funds deposited in SACCOs. Investment Return – By its size CFF offers competitive return on the market. Compliance – As SACCO, we put much emphasis on issues of compliance with relevant laws and regulations. The Cooperative Society Act and the Financial Cooperative Act provide guidance regarding minimum liquidity a SACCO is expected to have at all times. MUSCCO helps us to maintain the discipline of managing this liquidity when we save with the Central Finance Facility.

Ownership – The Central Finance Facility is our own SACCOs' Treasury Fund. As a SACCO we want to support build this fund so that it can support the development of more other SACCOs as well as other types of cooperatives.

VT: Other SACCOs feel investing in CFF is less profitable than in Member Loans. What's your opinion?

AM: This is a case of profitability versus liquidity. Yes, we understand that as a SACCO we need to be profitable at all times so that we can give out adequate returns to our shareholders; but as a financial institution, we are required to maintain adequate liquidity at all times if we are to provide convenient financial services to our members. We think having adequate liquidity is paramount because members are assured of financial services whenever they need such services. Central Finance Facility is a true partner to us when it comes to supporting the SACCO’s liquidity management.

VT: What is your advice to the movement?

AM: As people have said before 'Together we can.' Building a strong movement requires participation and commitment of every SACCO. Let us work together, Mzimba has started but we can achieve more if we agreed to build our own treasury fund through the Central Finance Facility.
There is no doubt that regulations are very important in SACCO development and growth and the rigid discipline enforced in the financial cooperatives movement is necessary as any weakness could contribute to a loss of shareholders' confidence, the substantial loss of business, and further the poor performance of the overall SACCO movement.

Whenever new laws are drafted, there is always controversy surrounding implementation and compliance. The current regulatory reforms raised a lot of questions such as “When should we start preparing for compliance? How much effort will such an endeavor require? Who will need to be involved and finally how much will it cost?”

Most recently final directives were shared with the SACCOs and this should give us a drive to start strategizing on compliance to these directives. Since there are specific time frames attached to each directive hence planning for compliance for each directive should be easier for the SACCOs.

Taking you back on the transitional arrangements, the directives demand that the SACCO should meet the minimum standards prescribed in the directive, to comply with the directive within twelve months from the date of publication of the directives on external borrowing, assets classification, financial reporting requirements and prudential liquidity requirement. As for the Premises inspection, Licensing and minimum capital requirement the transition period runs up to 2015, 2014 and 2016 respectively.

On average the maximum period provided to us for full compliance is 2015. This should be perceived as the strategic period we are to have in mind and plan for full compliance accordingly. However, we need not to relax and wait until that date but our proactive approach should be enhanced to avoid unnecessary delays.

In addition, the Minimum Capital Adequacy Requirement Directive has been given a transition period of up to 2017. Under this directive is a prerequisite on the redefinition of share capital which demands an immediate recognition of permanent and non-redeemable share capital of MK5,000. Managers and Directors should start finding ways of how they will build these non-redeemable shares and should include member involvement in lobbying for the best strategies to ensure full compliance to this requirement. The directive further requires a primary SACCO to maintain institutional capital of at least two million Kwacha and not less than ten percent (10%) of total assets and the threshold will vary according to risk exposure of the SACCO. As this may be considered a tall order but fulfillment of this requirement provides a secure cushion for the members’ funds.

As it is lightly said, a journey to success starts with one step, let us start putting our houses in order now, as the regulator’s chop will not have mercy on those SACCOs which will fail to comply with the law.

“When should we start preparing for compliance? How much effort will such an endeavor require? Who will need to be involved and finally how much will it cost?”
SACCOs In Malawi

1. Mudi
2. Thyolo Teachers
3. Bvumbwe Community
4. Nsanje Community
5. PTC Group
6. ADMARC
7. Sunbird
8. Future
9. BLANTYRE ADD
10. SUCOMA
11. POLYMED
12. BP/OILCOM
13. Zomba Teachers
14. Chitukuko
15. DWAASCO
16. Dedza Teachers
17. Mchinji Teachers
18. Lilongwe Urban Teachers
19. Lilongwe ADD
20. Regional Survey
21. Veterinary
22. UNIMA
23. RBM
24. United Nations
25. AHL
26. Fodya
27. Limbe Leaf
28. Fincoop
29. Mzinda
30. Kandiya
31. Ulimi
32. Kasangwu ADD
33. MUFUNA
34. Ministry of Transport Sacco
35. Mzimba Teachers Sacco
36. Kawiluwilu Sacco
37. Tikwere Community Sacco
38. ChiKangawa Community Sacco
39. Phindu Community Sacco
40. Mzuzu University Sacco
41. Rumphi Teachers Sacco
Spearheading financial independence

PRODUCTS & SERVICES OFFERED

- Education, Training & Consultancy
- Advocacy, Marketing and Corporate Affairs
- Information, Communication and Technology (ICT)
- Audit, Compliance and Risk Management
- Finance
  - Central Finance Facility Fund
  - Compliance Funds
  - Deposit Facilities
  - Loans and Overdraft Facility
  - Sacco Financial Protection Fund (SFPP)