

UKAGUZI SACCO SOCIETY LTD

STRATEGIC PLAN 2021 – 2025

Save • Borrow • Invest • Shine!!!

Message from the Chairperson

The Ukaguzi SACCO's Strategic Plan, 2021-2025, is a road map to growth in five pillars of focus, namely; Governance, Membership, Finance, Human Resource and ICT. This is an important milestone for the Society as it strives towards achieving the highest possible returns, good governance and improved financial status of members. This is the fourth Strategic Plan for the SACCO, I am happy to report that the previous Strategic plan was satisfactorily implemented.

The Vision of the SACCO is: "To be the SACCO of choice in provision of financial solutions to members" which aptly conveys the message of focus in our members, who are our key stakeholders. The development of this Strategic Plan has been all inclusive, to ensure that the interests of all stakeholders are captured and therefore captures our dreams and aspirations. We have set targets that are achievable and will be accomplished through sustained application of our collective energies, enterprise and adaptability. It will also require continued investment in our human resource, technology and infrastructure. If we manage our resources effectively and diversify our products and services, we will be able to maximize investment in our future.

I recommend this Strategic Plan to the entire membership of the Society and look forward to working with you to realize the ambitions it sets out. Finally, I call upon all stakeholders, Board of Management, Supervisory Committee and the Secretariat to actively participate in the implementation of this Strategic Plan as we work towards attaining business excellence. I wish to conclude with our motto.

Save. Borrow. Invest. Shine!!!

A. D. Sumaili
CHAIRMAN

Ukaguzi SACCO Society Ltd
Strategic Plan 2021 - 2025

Board Adoption of Strategic Plan

This document was approved for implementation as the Ukaguzi SACCO Strategic Plan 2021 - 2025 with effect from _____.

It is approved under Minute Number _____ of
Board of Directors Meeting held on _____

APPROVED BY:

Chairperson _____ Date _____

Vice Chairperson _____ Date _____

Hon. Secretary _____ Date _____

Treasurer _____ Date _____

CEO _____ Date _____

Executive Summary

This strategic plan was developed over workshop held at After 40 Hotel, Nairobi. It was developed through a participatory process involving the board, supervisory committee and SACCO staff. Development of this strategic plan has been necessitated not only by the need to address challenges emanating from the dynamic economic and operating conditions of the past, but also by the desire of the board to consolidate the gains made by the SACCO so far. The board has therefore reaffirmed its strategic direction and realigned its operations accordingly. This strategic plan document provides a roadmap, framework and an action plan that the SACCO will implement in the next five years.

In coming up with this five-year strategic plan, the Board of Directors undertook a comprehensive assessment of the direction the SACCO intends to take and reviewed the vision and mission statements. This was followed by a thorough analysis of the internal and external environments using SWOT/PESTEL tools as well as stakeholder and competitor analyses. A GAP analysis was also carried out to ascertain the status of implementation of the preceding strategic plan. These analyses enabled the Board to identify five strategic pillars;

- i. Member Pillar
- ii. Financial Resource Pillar
- iii. ICT Pillar
- iv. Human Resource
- v. Governance Pillar

For each of the pillars, objectives, strategies and an action plan were developed. During the implementation period, the board and staff will streamline operations by regular review of strategies, policies, and research on new products meet members' needs. Operational effectiveness will be enhanced through capacity-building programs. Staff may be recruited gradually depending on expansion of operations. There will also be a key focus on compliance with the requirements of SASRA in line with the Regulations for Specified Non-Deposit Taking.

The society understands that developing a strategic plan is a good thing, but achieving the set goals comes with a consideration. Provision has thus been made to budget for planned activities on annual basis as a means of prioritization and optimal resource utilization. The board believes that it has the capacity to implement this strategic plan using internally- generated resources supplemented by external support whenever such may be required. To help ensure successful implementation of the strategic plan a monitoring and evaluation framework will be followed. The board will be responsible for M&E.

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Abbreviations

BoD/BOARD	Board of Directors
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
FOSA	Front Office Services Activity
GDP	Gross Domestic Product
HR	Human Resource
IAS	International Accounting Standards
ICS	Internal Control Systems
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standards
KUSCCO	Kenya Union of Savings and Credit Co-operatives
M&E	Monitoring and Evaluation
Ministry	Ministry of Agriculture, Fisheries & Cooperatives
NACOs	National Co-operative Organizations
PESTEL	Political, Economic, Social, Technological, Ecological and Legal Factors
RBA	Retirement Benefits Authority
SACCO	Savings and Credit Co-operative
SASRA	SACCO Societies Regulatory Authority
SWOT	Strengths, Weaknesses, Opportunities and Threats

Chapter 1: Introduction

1.1. Background

Ukaguzi SACCO Society was established in 1974, and is registered under the Cooperative Society's Act Cap 490 of the Laws of Kenya and issued with certificate No. CS/2234. Membership is mainly drawn from the Office of the Auditor-General, Government Ministries and State Corporations.

The SACCO is hosted by its patron, the Auditor-General of the republic of Kenya. Active membership stands at about 1,981 mainly drawn from the Office of the Auditor-General, Ministry of Finance, Kenyatta national hospital, Ethics and anti-corruption commission among other Ministries, State corporations and Commissions.

The Society has experienced tremendous growth, and as per the audited accounts for the year ending 31 December, 2020 had assets totaling KES 2,210,459,030

This strategic plan presents strategies that would see the Society emerge as the SACCO of choice in provision of financial solutions to members. It is intended to address the current and anticipated challenges as well as capitalize on opportunities in the market, through to 2025.

1.2. Governance, Organization & Staffing

The society's supreme decision-making organ is vested in the membership and exercised through the Annual General Meeting. The Annual General Meeting delegates its authority to two key governance organs of the society, the board and the supervisory committee. The board has the delegated responsibility of running the society and the oversight role delegated to the supervisory committee. The Board in turn delegates daily operations to the Accountant.

1.3. Strategic Direction

Vision Statement

To be the SACCO of choice in provision of financial solutions to members

Mission Statement

To enhance members' financial stability through mobilization of savings and provision of market driven products and services

Core Values

- Customer focus
- Integrity
- Equity and equality
- Competence and professionalism

- Accountability and transparency

Corporate Colour

Green/Orange

Slogan

Save. Borrow. Invest. Shine!!

1.4. Products and Services

In order to improve the socio-economic wellbeing of members, the society offers the following products;

	Products	Features
1.	Normal Loan	Repayment period of 48 months,12% interest pa
2.	Normal Aggregated (Swara) Loan	Repayment period of 48 months,12% interest pa
3.	Special Loan (Kifaru)	Repayment period of 60 months,13% interest pa
4.	Special Loan (Ndovu)	Repayment period of 72 months,14% interest pa
5.	Special Loan (Twiga)	Repayment period of 84 months,14% interest pa
6.	Emergency Loan (Dharura)	Repayment period of 24 Months ,12% interest pa
7.	School Fees Loan(Elimu)	Repayment period of 24 Months ,12% interest pa
8.	Refinancing Loan	Refinancing charge of 5% in internal and 8% on external loans
9.	Member Deposits	Minimum of KES 2,000,Monthly contribution
10.	Christmas Savings	Voluntary, Refundable every end of the year with interest of 5% flat Rate
11.	Education Savings	Voluntary, Refundable every end of the year with interest of 5% flat Rate
12.	UKASH	Is a mobile loan, 5% interest p.m

1.5. Achievements / Milestones

- Growth of institutional capital to Kshs. 202 million in the year 2020.
- Reduced external borrowing through prudential planning. The SACCO has not relied on external borrowing from year 2017 to date.
- Improved financial management practices and budget controls through generation of reliable and timely financial reports using Management Information System (MIS).
- Growth in savings, loans, assets, income and rebates to members
- Informed membership
- Membership has increased in the last 5 years; from 1,300 to 1,981.

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- vii. Increased number of forums on member education
- viii. Vetting committee to vet board committee members on fit test in place
 - ix. Amended by- laws in compliance with changing legal regulations
 - x. Competent Board
 - xi. HR policy put in place
 - xii. Competent and well trained staff
- xiii. Reduced complaints from members
- xiv. Effective communication through e-mail and bulk SMS systems.
- xv. Low staff turnover
- xvi. Suggestion box in place for feedback
- xvii. Ukash mobile phone loaning product
- xviii. Use of internet banking by the Board to make payments and transfers of funds
- xix. Growth in the loan portfolio
- xx. New products have been rolled out to members , for instance,84 Months loan, Ukash Mobile banking
- xxi. BBF fund increased from Kshs. 24.2 million to Kshs. 40 million.
- xxii. Increased core capital from through increase on minimum share capital from Kshs. 2,000 to Kshs. 10,000.

1.6. Challenges

- i. Competition from other financial service providers
- ii. Delayed remittance by some employers- Counties and Universities
- iii. Imposed government regulations, for instance, increase in transaction costs
- iv. Technological advancement, thus the need to invest in current technological advancements
- v. Changing legal environment- SASRA regulations and the need to comply
- vi. Health Pandemics, for instance, Covid-19
- vii. Poor saving culture among members
- viii. Financial literacy among members- Consumption mentality
- ix. Fiscal and monetary policies of the Central Bank of Kenya
- x. Changing demographic needs – Millennials want everything immediately.
- xi. No branch network
- xii. There is no documentation of institutional, annual financial plans and monitoring framework.
- xiii. Lack of policies on Internal Control System, risk management, dividends, assets and liability management, liquidity and investment.

Chapter 2: Contextual Analysis

2.1. Structural Framework of the Cooperative Movement in Kenya

The structure of the cooperative movement is a four-tier structure. The Cooperative Societies Act recognizes these four specific categories of society, namely:

- i. Primary Co-operatives
- ii. Secondary Co-operatives
- iii. National Co-operative Organizations (NACOs)
- iv. Apex Societies

Ukaguzi SACCO falls within the category of primary cooperative societies. The Movement is regulated by the SACCO Societies Regulatory Authority, which covers Deposit Taking SACCOs and Non-Deposit Taking SACCOs with a savings portfolio of over Kshs. 100 million.

2.2. Money Banking & Finance

According to Economic Survey Report 2020, the Government through Central Bank of Kenya (CBK) reviewed the Central Bank Rate (CBR) downwards from 9.00 per cent in July 2018 to 8.50 per cent in November 2019 to ease monetary policy with the aim of boosting economic growth. In the review period, the capping of bank interest rates previously enshrined in section 33B of the 2016 Banking Act, was repealed through enactment of the Finance Act, 2019. The repeal is expected to enhance access to commercial bank credit by the private sector. Generally, nominal and real interest rates reduced in 2019 with the 91-Day Treasury bill decreasing to 7.17 per cent from 7.34 per cent as at December 2018. Similarly, the inter-bank, savings and lending rates declined by 2.12, 1.11 and 0.27 points respectively, over the same period. However, the interest rate spread increased to 5.14 per cent as at December 2019 from 5.09 per cent as at December 2018. Annual average inflation rate rose to 5.20 per cent in 2019 compared to 4.69 per cent recorded in 2018 but remained within the medium-term target of 5.0 per cent, with a range of plus or minus 2.5 per cent.

2.3. SACCOs

In 2019, all the performance indicators of DTS increased with capital reserves recording the highest growth of 63.5 per cent to KSh 175.2 billion in 2019. Total liabilities in form of deposits increased by 11.3 per cent from KSh 342.3 billion in 2018 to KSh 381.1 billion in 2019. Loans and advances increased by 12.1 per cent to KSh 402.0 billion in 2019.¹ DT-SACCOs' share of total assets to the national GDP for the year ended December 2018 was 5.55%, which is marginal increase from 5.44% recorded in 2017. Based on the nominal national GDP as reported in the

¹ Economic Survey report 2020

Economic Survey Report 2020 by Kenya National Bureau of Statistics, the DT-SACCOs share of total assets to national GDP is expected to increase to 5.72% in 2019.

It is however expected that the full picture of the contribution of the SACCO subsector to the national GDP and economy at large will be only unpacked upon the coming into force of the draft SACCO Societies (Non-Deposit taking Business) Regulations, which is expected to bring on board the Authority's supervisory ambit the Non-DT-SACCOs whose data and financial performance is currently not formally collected, collated or reported, and as such their exact contribution to the economy remains a matter of speculative opinions.²

2.4. Developments in the financial sector

Money and banking

- i. In 2018, the International Accounting Standards (IAS) Board issued guidelines, International Financial Reporting Standard (IFRS) 9. The standards aim to maintain a stable and efficient banking and financial system. The CBK issued a circular to commercial banks and mortgage finance companies to comply with the standards and the regulatory capital, with a five-year transition period that started in January 2018.
- ii. During the year under review, new generation notes were introduced in line with the Constitution of Kenya 2010 which provides guidance on the features and elements that should appear in the Kenyan currency. The Central Bank of Kenya in a Gazette notice dated 31st May, 2019, commenced the demonetization of one thousand shilling note effective from 1st June 2019 to 30th September 2019. During the period of demonetization, the CBK started distribution of the new generation banknotes.
- iii. The Finance Act, 2019 was enacted in November 2019 which repealed section 33B of the Banking Act, 2016 that provided for capping of bank interest rates. The repealing of section 33B of the Banking Act is expected to enhance access to credit by the private sector.

Pension funds

In 2019, the Retirement Benefits Act Section 37 was amended reducing the period to exit from a guaranteed fund asset class to one year or less as provided in the exit clause of the deposit administration agreements. Similarly, Section 45A of the Act was repealed to provide for the transfer of funds to the Unclaimed Financial Assets Authority (UFAA) if within a period of two years from the completion of winding up proceedings in respect of a scheme, the liquidator is unable to trace any member of the scheme.

² The SACCO Supervision Annual Report 2019

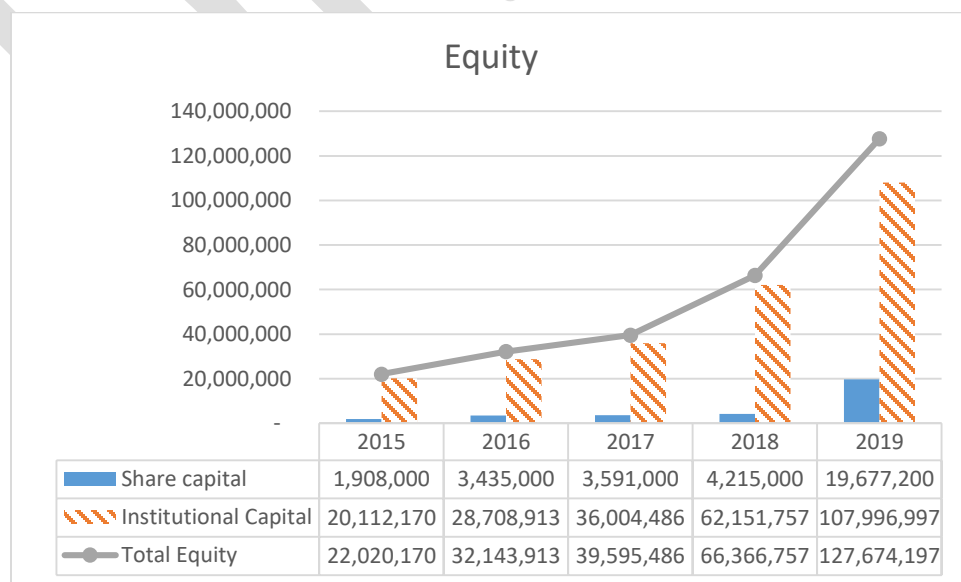
Capital markets

The Nairobi Securities Exchange (NSE) Derivatives Market (NEXT) was launched in July 2019, with the aim of facilitating trading of futures contracts in the Kenyan market. NEXT commenced operations with initial offers for index futures contracts on the NSE 25 Share Index and Single Stock Futures on five companies listed in the NSE.

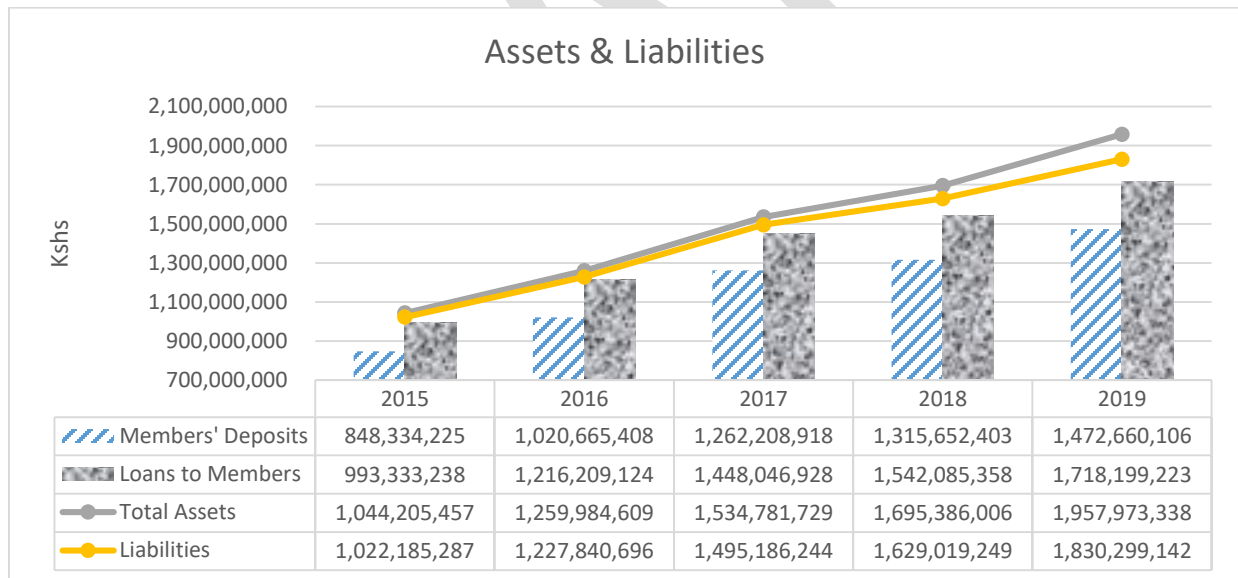
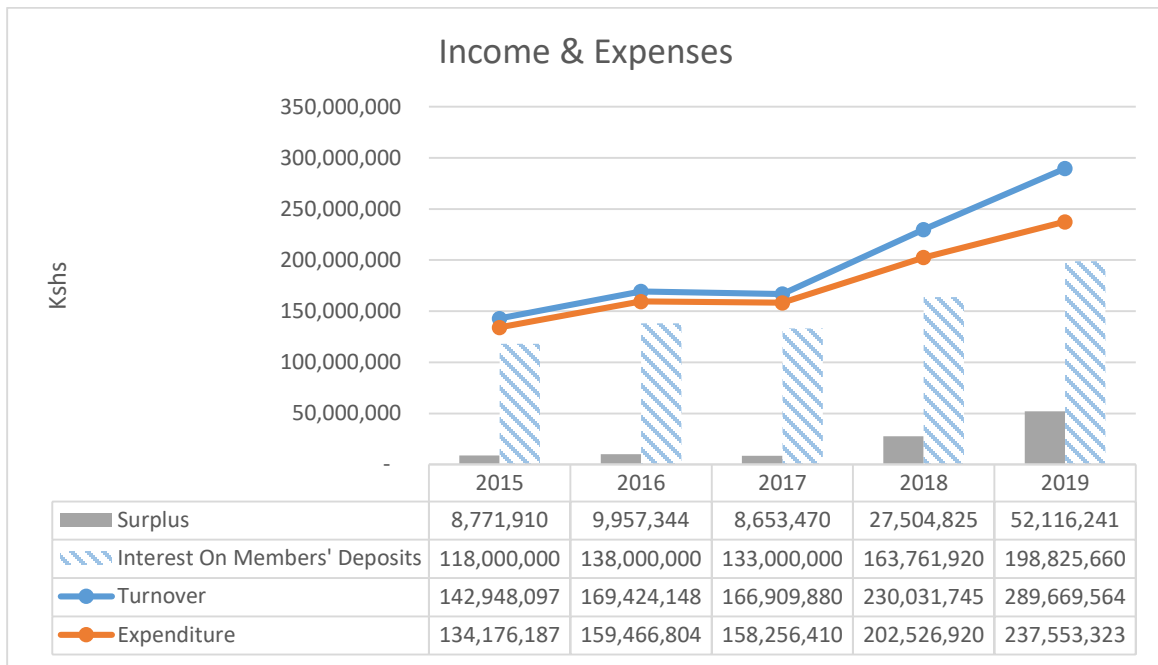
Through the Financial Act of 2018, the Retirement Benefits Authority (RBA) Act of 1997 was amended. The amended Act gives power to RBA to recover unremitted contributions from employers and penalize or wind up non-complying pension schemes.

2.5. SACCO performance

	2015	2016	2017	2018	2019	2020
Active members			1,770	1,908	1,989	1,981
Share capital	1,908,000	3,435,000	3,591,000	4,215,000	19,677,200	20,310,800
Institutional Capital	20,112,170	28,708,913	36,004,486	62,151,757	107,996,997	202,175,745
Total Equity	22,020,170	32,143,913	39,595,486	66,366,757	127,674,197	222,486,545
Members' Deposits	848,334,225	1,020,665,408	1,262,208,918	1,315,652,403	1,472,660,106	1,654,767,023
Loans to Members	993,333,238	1,216,209,124	1,448,046,928	1,542,085,358	1,718,199,223	1,893,734,314
Turnover	142,948,097	169,424,148	166,909,880	230,031,745	289,669,564	298,433,944
Expenditure	134,176,187	159,466,804	158,256,410	202,526,920	237,553,323	196,850,237
Surplus	8,771,910	9,957,344	8,653,470	27,504,825	52,116,241	101,583,707
Interest On Members' Deposits	118,000,000	138,000,000	133,000,000	163,761,920	198,825,660	157,202,868
Total Assets	1,044,205,457	1,259,984,609	1,534,781,729	1,695,386,006	1,957,973,338	2,210,459,030
Liabilities	1,022,185,287	1,227,840,696	1,495,186,244	1,629,019,249	1,830,299,142	1,987,972,485
Investments	6,250,892	8,111,344	9,051,443	21,222,115	43,456,906	54,830,906



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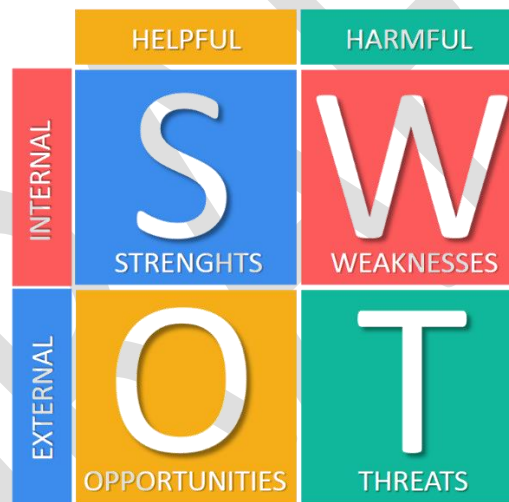
Chapter 3: Environmental Analysis

Environmental scanning is the acquisition and use of information about events, trends, and relationships in an organization's external environment, the knowledge of which would assist management in planning the organization's future course of action. Organizations scan the environment in order to understand the external forces of change so that they may develop effective responses which secure or improve their position in the future. Environmental scanning enables a firm to avoid surprises, identify threats and opportunities, gain competitive advantage, and improve long-term and short-term planning and hence adapt to its operating environment by knowing and interpreting the external changes that are taking place around it.

The strategic planning team carried out the environmental scanning through the use of SWOT and PESTEL tools as well as Stakeholder Analysis, Competitor Analysis, and Gap Analysis.

A Member survey was also carried out.

3.1. SWOT Analysis



STRENGTHS	WEAKNESSES
<ul style="list-style-type: none">• Quality of membership• Diversity of employers from public sector• Reasonable returns on deposits• Competent and committed Board of Management• Stability of the employers• Timely monthly remittances• Committed and well trained secretariat• Low staff turn over	<ul style="list-style-type: none">• Limitation on opening of common bond• Governance structure and policies not well documented• Low diversification of investments• A functional marketing and product development team not in place• Website is slow and its use is suboptimal• Social media presence is missing

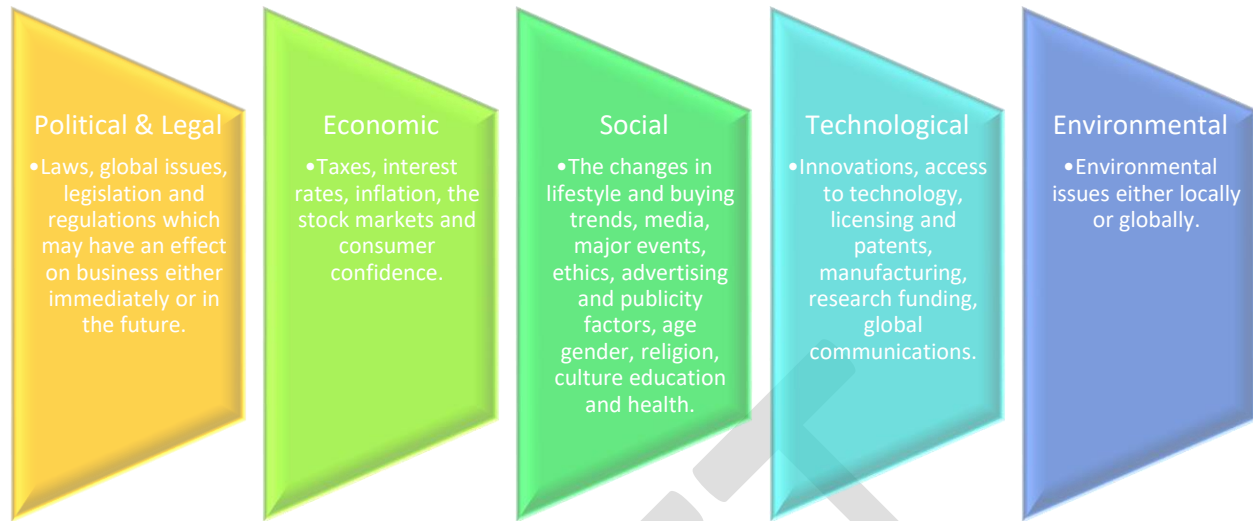
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STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • High liquidity position • No external borrowing for the last four years • Mobile loan facility 	<ul style="list-style-type: none"> • Concentration risk on one employer-OAG • Inadequate loan multiplier • Need to revamp SACCO brand • Budget for marketing activities not in place
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Relatively high percentage of youth in membership • Fast growing technology sector • Wide array of investment opportunities • Guidelines legislation to support strengthening governance • Stable common bond • Ready market- Public service • Political stability • Predictable interest rates • Diversification of back office services (Salary processing) • Provision of FOSA Services • Potential to develop a sharia compliant product 	<ul style="list-style-type: none"> • Economic instability caused by rising national debt and corruption • Concentration risk of employees guaranteeing each other • Low funding from state to some employers • Accessibility of loans from banks by members; especially members with low deposits • Easily accessible Mobile loans • Members with high net salaries cannot access loans beyond their 1/3. • Cyber crime • Competition from other financial service providers • Staff Welfare incentives; OAG car and mortgage • Fast changing technology • Pandemics; COVID-19 • Cost of regulation and changing regulations

3.2. PESTEL Analysis

The planning team carried out a PESTEL analysis. PESTEL factors stand for Political, Economic, Social, Technological Environmental and Legal issues.

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POLITICAL FACTORS

- CBK regulations on capping of interest rates
- SASRA and Co-operatives regulation of SACCOs
- Banks lobbies for policies that disadvantage SACCOs
- The political election cycle; Members wait and see how elections go before making decisions on investment and taking loans for development.
- County policies on single permit that are unfriendly to the SACCO sub-sector

ECONOMIC FACTORS

- High inflation leading to fluctuation in interest rates
- High unemployment rates
- Changes in taxes
- Members economy affected due to poor performance of the economy

SOCIAL FACTORS

- Increased need to meet young generation needs i.e. products that suite them
- Increased number of aging members with high savings; challenge to the future of the SACCO
- Urgent need to initiate products which are customer oriented
- SACCO has highly informed members

TECHNOLOGICAL FACTORS

- Use of modern technology for communication to members including bulk SMS
- Use of Ukaguzi Mobile app in loan application for efficiency
- Use of Ukash for Mobile Banking; for quick cash
- Member notification on the progress of loan processing -MIS
- Technological challenges faced by SACCO in implementing of members' portal
- The SACCO does not have social media presence; for marketing and communication
- High internet usage and penetration

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ECOLOGICAL FACTORS

- Global pandemic; COVID-19 which interfere with member's way of life
- Small SACCO office space for operations
- Most of the members living a "today only" lifestyle

LEGAL FACTORS

- SASRA regulations on Non Deposit Taking SACCOs (NDTS) Commenced on 1 January 2021 and will be effective from 1 June 2021. The regulation has an effect on operations of the SACCO, with regards to compliance with prudential ratios:
- Changes in taxation regulations and procedures
- Changes in accounting policies and reporting standards, for instance, Implementation of IFRS 9

3.3. Competitor Analysis

Competitor	What they do better
SACCOs	<ul style="list-style-type: none"> • Have member's portal and high number of membership • Same segment of membership i.e. Accountants and Auditors • Many Government based SACCOs
Banks	<ul style="list-style-type: none"> • Issue of loans without requiring members to have deposits with them
Mortgage institutions	<ul style="list-style-type: none"> • Employer offering better mortgage interest rate and longer repayment period
Mobile	<ul style="list-style-type: none"> • Less requirement for loan eligibility
Micro-lenders	<ul style="list-style-type: none"> • Less requirement for loan eligibility and issue loans without deposit consideration

3.4. Stakeholder Analysis

A stakeholder is an organization, authority or person that relates or governs directly or indirectly to functions of Ukaguzi SACCO. The stakeholder analysis is summarized below;

Stakeholder	Stakeholder's Expectations	Ukaguzi SACCO's Expectations
Member	High return on savings Low interest rates on loans Superior service and products from the SACCO Timely and effective Communication Good corporate governance Assurance of the stability of the SACCO Confidentiality and integrity	Prompt payment of loans Regular savings Feedback & participation Loyalty Consumption of products High degree of Integrity & Discipline
Board	Performance – meet set targets Efficient secretariat Training Support from members	Formulation of policies Good corporate governance Steer strategic direction of the SACCO Provision of direction to the Secretariat Availability for meetings/engagements

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Stakeholder	Stakeholder's Expectations	Ukaguzi SACCO's Expectations
	Information from secretariat in making decision Members to attend AGMs	Prompt decision making Provision of good working environment Commitment to member interests
Supervisory Committee	Provision of information Feedback, clarifications Timely execution of recommendations Compliance to by laws, regulations, resolutions Training	Timely, accurate and unbiased audit reports Clarifications prior to reporting Expertise on regulations Solid expertise in Finance & Audit
Staff	Competitive remuneration Good working conditions and tools Support from the Board Training and development Cooperation from members Good working relationship between the Management and Board Career growth/progression Staff evaluation Fair and objective performance evaluation and feedback	Professionalism Integrity Innovative Proactive Timely response to stakeholders Adherence to by laws, regulations, policies and procedures Timely preparation of reports Adherence to Board directives Safeguarding the SACCO assets Safeguarding SACCO Brand Continuous personal development Meet set targets
Government	Compliance to set laws and regulations Enlighten members on all requirements Educate members Hold AGMs within stipulated timelines Preparation of financial statements Accountability	Involvement in change in regulations Favorable economic environment Fair legislation, policies
NACOS	Timely payment of subscriptions Timely feedback Adherence to laid policies and procedures	Pro- bono training Create awareness of their role/mandate Lobbying on behalf of the SACCO Enhance communication to SACCOs
Suppliers / Creditors	Timely payments for services provided Fair procurement/tendering processes Feedback Integrity	Quality and timely deliverables Feedback Favorable pricing Integrity Confidentiality Support / sponsorship of AGMs
External Auditor	Provided with records and books of accounts in timely manner	Confidentiality Timely and fair reporting

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Stakeholder	Stakeholder's Expectations	Ukaguzi SACCO's Expectations
	Prompt payments Participation at AGMs	Not to understate and overstate their mandate Advisory services to the Board on changes in reporting,
Community	Corporate Social Responsibility	Ambassadors
Bankers	Proper executed documents Business Properly funded accounts Regular update of signatories	Good return on investments/deposits Regular statements Prompt implementation of SACCO instructions Advise on banking matters Compliant to the regulatory provisions Good working relationship
Employer Institution	Timely and correct data on staff Timely communication Safeguard member savings Improve staff welfare	Timely remittance of deductions and savings Advisory on member qualification
SASRA	Compliance to regulations-reports, AGMs	Involvement Fair regulation Training Timely communication and feedback Reasonable timelines to allow adjustment to new regulations

3.5. GAP Analysis

The planning team took time to review the implementation status of various activities in the expired strategic plan with a view to understanding what challenges may have been experienced, what ideas were overtaken by events and what activities were still relevant for the next planning period. This would also inform the planning of activities for the next plan period.

3.6. Member Survey

A member satisfaction survey was administered to gain insights into members' desires for the SACCO. The survey results also went a long way in providing an indication as to the initiatives the Board needs to put in place so as to meet their expectations, areas of improvement, perception about SACCO products and services and general member satisfaction.

Chapter 4: Strategic Pillars

4.1. Key Result Areas

Given the strategic direction, past performance and the environmental analysis carried out by the planning team, six areas were identified as being key to Ukaguzi SACCO over the next 5 years. In each of the identified areas, an objective was formulated. Strategies were put down around each objective. The strategies were further broken down into activities, with each activity having a time frame and a responsible party to ensure implementation of the same.

The strategic pillars and their respective objectives are;

Key Result Area	Objective
Finance Pillar	To ensure growth of the Asset base to Kshs. 4.5 Bn by 2025
Membership Pillar	To ensure growth of membership through recruitment and retention
	To develop and marketing our products and services for increased patronization by members
ICT Pillar	Enhance and optimize MIS to provide reliable, timely and quality reports to aid in decision making
Human Resource Pillar	Improve the technical and management capacity of staff so as to effectively implement business goals
	Ensure good environment and safety of staff
Governance Pillar	Develop and implement policies in compliance with SASRA requirements
	To have Informed and empowered membership
	To build the SACCO's internal capacity for better internal controls, performance and service delivery

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4.2. Action Plan

Membership Pillar

Objective	Strategy	Activity	Performance Indicator	Timeframe	Responsibility
To ensure growth of membership through recruitment and retention	Engage existing members	Give incentive for referrals	Growth in number of referred members	March 2021	Education Committee
		Get opinion leaders for each employer/ hub to recruit at a commission		April 2021	
	Site visits to potential members at their work premises	Source a marketer	Presence of engaged marketer	May 2021	Finance & Admin Committee
		Engage a marketer on commission		June 2021	Treasurer CEO
	Use of social media	Use a marketer to enhance presence on social media platforms	Increased social media presence	June 2021	Marketing Officer CEO
	Recruitment drives by Board and staff	Pitch tents at potential members premises	Number of members recruited through recruitment drives	April 2021 Every Quarter	Education Committee
		Participate in CSR activities		Annually	
To develop and our products and services for increased patronization by members	Wide circulation of brochures in strategic institutions	Updating brochures	Contract signed by marketer	May 2021	CEO
		Distribution of brochures	Brochures distributed	May 2021 Quarterly	
	Enhance communication to members	Enhance Website user-friendliness	Improved communication with members Availability of member feedback	June 2021	Treasurer
		Develop a members portal		September 2021 Annually	CEO
		Customer satisfaction surveys		June 2021 OTwo publications in a year	Credit Committee
		Develop articles for publication in OAG/ stakeholder newsletters or magazines	Customer satisfaction survey reports Number of communications/SMSs sent	April 2021 Every month	Supervisory Committee
		Enhance the use of the suggestion box		April 2021	Chairman
		Revive branch representatives		April 2021	

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Objective	Strategy	Activity	Performance Indicator	Timeframe	Responsibility
		Use of bulk SMS		As and when necessary	CEO Hon. Secretary
	Develop new products	Carry out a baseline survey to identify customer needs	Baseline survey report Benchmarking report	September 2021 Annually	CEO
		Benchmarking		August 2021 Annually	Credit Committee
	Rebrand current products	Engage a consultant for branding existing products	Consultant contract Rebranded products	November 2021 Every two years	Treasurer
		Identification of new features to rebrand current products		April 2021 Every six months	Credit Committee

Governance Pillar

Objective	Strategy	Activity	Performance Indicator	Timeframe	Responsibility
Develop and implement policies in compliance with SASRA requirements	Engage a consultant	Develop: ICT Policy	Policies adopted by the Board	March 2021	CEO
		Credit Policy			Credit Committee
		Risk Management policy			Supervisory
		Operational manual			Finance and Admin Committee
		Dividend policy			Treasurer
		Investment policy			Treasurer
		Business continuity policy			Chairman CEO
		Education policy			Education Committee
		Procurement policy			Finance and Admin Committee
To have Informed and empowered membership	Hold member education forum	Organize for member trainings	Number of members trained	At least four forums every year	Education Committee
	Use of website for member training	Upload training materials on the website	Increased use of social media	After each members' forum	Hon. Secretary CEO

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Objective	Strategy	Activity	Performance Indicator	Timeframe	Responsibility
				As and when there is new information to communicate to members	
	Use of social media platforms	Engage a social marketer(Blogger) on commission		May 2021	CEO Marketer
	Use of bulk SMS	Communicate new information to members	Number of members reached	As and when need arises	Hon. Secretary
		Marketing at least one product		Quarterly	Credit Committee
	Benchmarking	Visits to market leading SACCOs	Benchmarking reports	January 2022 Every six months	Chairperson
		Visit other financial institutions		June 2022 Annually	Treasurer
		Establish rapport with/engage key stakeholders in the SACCO sector		January 2022 Once a year(One stakeholder)	Hon. Secretary
To build the SACCO's internal capacity for better internal controls, performance and service delivery	Capacity development for Board and staff	Need assessment	Training reports	Annually	Education Committee
		Develop in house training programs		Annually	
		Training, sensitization forums, workshops and seminars.		As per trainers' calendars	
		Review reports for value addition to the SACCO		Quarterly Reports	
	Compliance with laws, regulations and standards	File returns and reports as per SASRA regulations	Compliance reports	As per the specified timelines	CEO
		Compliance with statutory requirements			Treasurer
		Compliance with relevant IFRS's			
	To assess the extent of achievement of set goals/targets and take corrective action	Engage a consultant to develop M&E tools	M&E reports	March 2021	Supervisory
		Apply the M&E tool		Quarterly	Supervisory

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Objective	Strategy	Activity	Performance Indicator	Timeframe	Responsibility
	To put in place risk mitigation measures	Develop a risk management policy	Policy in place	March 2021	Supervisory Treasurer CEO
		Carry out risk assessment and develop a risk management framework	Risk management framework in place	Quarterly	
		Establish an internal audit function	Function established and staffed	September 2021	Finance and admin Committee

Finance Pillar

Objective	Strategy	Activity	Performance indicator	Timeframe	Responsibility
To ensure growth of the Asset base to Kshs. 4.5 Bn by 2025	Develop budget	Budget preparation	Budget adopted	Annually	Treasurer
		Budget presentation	Variance analysis	Annually	
		Budget implementation		Annually	
	To grow savings	Recruit more members	Growth in membership	Annually	Education committee
		Incentivize recruitment through common bond and increase minimum monthly saving	Growth in savings	Annually	Education committee
		Encourage members to capitalize interest on deposits		Annually	
		Members to utilize savings products like education/ Christmas and special deposits		Annually	
	To grow investment	Diversify investment opportunities	Growth in investment income	Annually	Finance & Admin committee
		Investment policies	Investment policy in place	Q1 2021	
		Investment not to exceed 5% of total assets		2021	
	To grow Equity	Develop dividend policies	Growth in equity	Q3 2021	Treasurer
		Increase core capital and share capital		Q3 2021	Treasurer
		Increase share capital		Annually	Finance committee
To ensure growth on annual income	To grow income	Increase investment opportunities	Growth in turnover	Q3 2021	Finance & Admin committee

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Objective	Strategy	Activity	Performance indicator	Timeframe	Responsibility
to Kshs 400 m by 2025		Develop more products which are customer orientated		annually	Credit committee
		Review product fees		Annually	Finance committee
	Increase loan portfolio and favorable loan pricing	Develop credit policies	Policy in place	Q3 2021	Credit committee
		Reduce interest rates	Reviewed rates in place	Annually	
		Development of new products that appeal to customers via the product development team being put in place	New products launched	Annually	
		Develop a strategic marketing plan and conduct market intelligence surveys and benchmarking	Marketing plan in place	Annually	

ICT Pillar

Objective	Strategy	Activity	Performance Indicator	Timeframe	Responsibility
Enhance and optimize MIS to provide reliable, timely and quality reports to aid in decision making	Improve SACCO operations	Develop ICT policy and IT audit	Policies in place	Q3 2021	Treasurer
		IT function to be put in place	Function established	2023	Treasurer /CEO
		Digitalize SACCO operations and disaster recovery site	Improved performance through digitization	2023	Treasure/CEO
		Speedy processing of loans and efficiency		Monthly	CEO / Credit Committee
	Website portal	Develop members portal	Active and vibrant website in place	2021	CEO
		Develop feedback mechanism		2022	CEO
		Use website optimally		2022	CEO
	MIS /Hardware	Upgrade of MIS	Timely reporting	Q3 2021	Procurement
		Upgrade of office hardware	Upgraded MIS & hardware	2021	Procurement
		Generation of timely and accurate reports		Q3 2021	CEO
	Improve use of ICT	Feedback mechanism via portal	Increase in communication on ICT platforms	Weekly	CEO
		Increased use of official emails and bulk SMS		Weekly	CEO
		Automated business processes		2022	CEO
	Improve Record management	Digitalize SACCO records	Digitized records	2022	CEO
		Disaster recovery in place		2022	CEO

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Objective	Strategy	Activity	Performance Indicator	Timeframe	Responsibility
		Documentation and policies		Q3 2021	Treasurer

Human Resource Pillar

Objective	Strategy	Activity	Performance Indicator	Timeframe	Responsibility
Improve the technical and management capacity of staff so as to effectively implement business goals	Job evaluation	Review HR policy	Job Evaluation report	2024	Treasurer
		Recruitment of new staff to enhance service delivery		As per needs	Finance & Admin Committee
	Improve Staff performance	Competent staff	Performance evaluation report	Annually	CEO
		Low staff turnover		Annually	Treasurer
		Performance appraisal		Annually	
		Reduce complaints and effective communication		Annually	Treasurer
		Increased Training of staff Training calendar and budget	Training reports	Annually	Education committee
	Effective and efficient service delivery	Motivate staff	Employee satisfaction reports	Review package annually	Finance & Admin Committee
		Reduced complaints from members	Member feedback	Quarterly review	CEO
Ensure good environment and safety of staff	Spacious Office space and safety of staff	Acquisition of new office	Office acquired	Board	Procurement
		Have an occupier safety policy in place			Treasurer

Chapter 5: Operational Strategies

In order to effectively fulfil its mandate, Ukaguzi SACCO needs to undertake the following in its daily operations;

- i. There is a need to maintain growth in active membership. Under the SACCO model, members are the primary customers and source of both capital and deposits. The SACCO must aggressively recruit new members.
- ii. Regular review of products and services to ensure that the SACCO offers financial services which are responsive to the members' needs. There is increasing competition for customers in the financial services sector. As such, Ukaguzi SACCO needs to continuously collect feedback so as to enable it develop or refine appropriate financial services and products that address the changing needs of current and potential members.
- iii. Cash is an important current asset for the operations of the Society. Cash is the basic input needed to keep the Society running on a continuous basis; it is also the ultimate output expected to be realized by selling the services or products provided by the Society. The Society must ensure there is sufficient cash, because a cash shortage shall disrupt the operations, while excessive cash shall not remain idle, without contributing anything towards the Society's profitability. To this end, cash-flow management shall be practiced in order to ensure the following;
 - Liquidity needs are planned on the basis of worst-case scenario, to limit the potential of liquidity crises
 - Policies are set for minimum and maximum cash levels
 - Cash needs are forecast
 - Cash budgets are continuously updated
 - Surplus funds are invested or disbursed as loans
 - Cash is available for savings, withdrawals and loans
- iv. The loan portfolio should be the main earning asset of the SACCO; its quality is of paramount importance. Loaning is the society's core business and any non-repayment may increase SACCO's expenses through engagement of recovery actions and provisions of loan loss that may eventually cause liquidity problems. The SACCO has also reduced loan delinquency and enhanced the quality of its loan portfolio by engaging the Credit Reference Bureau.
- v. The SACCO must ensure service excellence by addressing members needs such as availing credit and/ or refunds when needed, improving on membership records, proper accounting and deployment of a working management information system and enhancing customer care through training, establishment of a customer feedback mechanism, revamping the SACCO website and inculcating a culture of uplifting service among employees.

- vi. There is a need to maintain growth in reserves and retained earnings. The main challenge here lies in members' preference for cash today than wealth tomorrow. There is a need to educate the members on the benefits of retention of the profits for future growth.
- vii. Risk management is a complex task for all SACCOs and increasingly important in an environment where economic events and financial systems are linked. The society will need to put in place a good risk management system which integrates in the Society's operations a set of systematic processes for identifying, measuring and monitoring risks with other existing systems in internal control, management information and communication, accounting and finance systems, among other operative systems.
- viii. The training regime adopted needs to be geared towards achieving the set objectives of the organization. Each year's training needs will be identified.
- ix. There is a need for the society to institute a proper internal control system. Such systems can only be effective and can operate efficiently if:
 - a) There is a well-planned organizational structure with well-defined lines of responsibilities authority and communication.
 - b) There is proper segregation of duties and responsibilities.
 - c) The authorization and approval of actions are delegated to specific levels.
 - d) There is adequate supervision of all activities taking place in the Society.
- x. The Society must employ competent and qualified personnel as and when required.

Chapter 6: Monitoring & Evaluation

6.1. Overview

With regard to this Strategic Plan, the purpose for Monitoring and Evaluation is to ensure that the Strategic Plan implementation is done according to schedule and if there is any deviation, it will ensure that appropriate and timely action is taken. The Monitoring and Evaluation process will be undertaken at both the Board and Management level, through the following mechanisms:

- i. The Strategic Plan will be reviewed annually and a progress report made to the Board through a Strategic Plan implementation, Monitoring & Evaluation Committee.
- ii. All projects prioritized will be resourced and reviewed annually, during the budgeting process.
- iii. The implementation of the Strategic Plan will be closely monitored by the CEO and sub-committees who will be given specific oversight roles of specific projects of the plan.
- iv. A specific monitoring process will be established to ensure that critical aspects of the implementation are not ignored and progress reports for each objective shall be made on a regular basis, preferably at least once a quarter, through the CEO.
- v. Monitoring and control systems will be established at all levels. These will include review meetings, budgets and budgeting control systems and progress reports from the organization's Monitoring and Evaluation Committee.
- vi. Quarterly review meetings will be held by the Board. During these meetings, the Board will receive and review progress reports from the CEO indicating overall progress made on key strategic objectives.

The nature and scope of reporting will include a summary of;

- a) Progress made against the Strategic Plan;
- b) Causes of deviation from the Strategic Plan, if any;
- c) Challenges and proposed solutions to issues that adversely affect its implementation; and
- d) Corrective measures.

6.2. Evaluation of Strategic Impacts

The Strategies in this Strategic plan will be tested regularly, at least once a year, for continued relevance, efficiency, effectiveness and sustainability. A midterm review of the plan will also be carried out.