



WAZALENDO SACCO

WAZALENDO SACCO HOLDS its 11th AGM FROM 30TH - 31ST MARCH 2017, AT COLLINE HOTEL MUKONO

ANNUAL GENERAL MEETING IS THE TOP DECISION MAKING ORGAN OF WAZALENDO SACCO

AGM Theme: Financial Sustainability through membership growth and savings.



Brig. Sam Kavuma
Board Chairman Wazalendo SACCO

Wazalendo Savings and Credit Cooperative (SACCO) has been key in improving the welfare of the Uganda Peoples' Defence Forces (UPDF) soldiers, Ministry of Defence Staffs and their families. It was started in 2005. The SACCO will hold its 11th Annual General Meeting at Colline Hotel Mukono; March 29th and 30th. Jacky Achan gives an overview of the SACCO.

Vision

To be a strong and self sustaining SACCO that drives the development of its members

Mission

To mobilise funds in order to provide affordable financial services that effectively improve members' welfare.

Creation of Wazalendo SACCO

In 2003 when all insurgencies in the country, had been contained, the UPDF decided to turn its focus on improving the welfare of its soldiers. Colonel Simon Nicholas Ocan who is the CEO Wazalendo SACCO, says there was a prosperity for all program running throughout the country.

As part of this initiative the UPDF sought something specific for its men and women fronting a SACCO system. A number of senior army officers were dispatched to selected countries to study how SACCOs operate. "Upon return and filing our findings, luckily we all picked the Botswana model where I had travelled down south of Africa," Ocan says. "We came up with the Wazalendo SACCO and with the help of the cooperative movement in Uganda we were registered as a cooperative in 2005," he adds.

Patriots

Wazalendo is a Kiswahili word for patriots and indeed members of Wazalendo SACCO are true patriots in the sense that they are the ones sacrificing so you can have a peaceful country. But away from the national duty, they have also remained true patriots to themselves using the SACCO to help each other improve their welfare and that of their dependents. Brigadier Sam Kavuma, the deputy commander air force and Board Chairman Wazalendo SACCO agrees one thing is certain "you can work and earn a salary but it will never solve your needs. This kind of scenario can force one into crime to survive," he says. Kavuma says to solve the problem of inadequate salary, the UPDF had to find a solution, first opting for commercial bank loans to supplement earnings. But this avenue was unhelpful. The interest rates were too high and charged between 25% -35% per year. The UPDF being a force not to give up when faced with challenges considered the introduction of a SACCO where members could pool money and access finance cheaply. Officers were sent to different countries to study how SACCO's work and having appreciated the Botswana system in 2005 the UPDF started the Wazalendo SACCO.

Starting Wazalendo SACCO

According to Colonel Ocan Wazalendo SACCO started

with 33 members. Brigadier Kavuma says the sole agenda in the creation of the SACCO was to improve the UPDF welfare through the SACCO and the agenda remains intact to date. Ocan says they set out a goal to be sustainable through affordable membership and this goal still applies today. Adding that they have managed to achieve this goal by sticking to their core values that includes transparency, integrity, quality service, convenience, professionalism and accountability.

Key Loan products

Ocan says they include quick loans designed to solve a medical or social emergency for a member. "In this circumstances, a member applies for a loan amounting to one month's salary payable in three months," he says. There is the School Fees loan to meet school fees needs of a member or their dependents. Total amount given is four times one's total shares and is payable in six months. There is also a special loan accessed by members going on foreign missions. This is an advance on foreign mission allowance as long as that account is held at the SACCO. This loan is recovered within six months in a single payment. Ocan says all the products in the end are designed to bail a member out of domestic and social pressures. However, the main reason for the SACCO's creation is to make members prepared for bigger challenges that is investment for development. The Products include **Biashara** (business), **Nyumba** (house), **Agriculture** and **Asset financing** loans. Ocan says the Biashara loan is available to members who have capacity to supervise and monitor businesses. Limit is up to four times one's shares for a period of twenty four months. **Nyumba** is a housing facility for either domestic or commercial purposes and the limit is up to four times one's shares payable within twenty four months. **Agriculture loan** as the name indicates is for a member interested in investing in crop or animal husbandry. Total amount is four times one's shares stretching over thirty six months. Lastly is **Asset financing** for acquisition of an asset / assets either for domestic or commercial purposes like land, machinery or a vehicle for a period of forty eight months.

To access a loan one must have saved with the SACCO for a period of at least six months. One is entitled to four times the number of shares that one has and a maximum of sh40 million. A joining member is required to present two guarantors to endorse the application. This is in addition to a recommendation from their unit Policy and Administration Committee, plus a bank statement from where their salary is drawn is another pre requisite. Ocan says a maximum of 50% salary deduction is made as pay back on the loan and every loan attracts a processing fee of 2% of the principal and another 2% insurance cover. Also an interest rate of 15% is charged on reducing balance, subject to revision depending on the changing economic situation and repayment period ranges from three to forty eight months. For Ocan the Wazalendo SACCO credit policy is very

clear.

"We don't give a loan until after six months of self-building for our new member. That is for the personal/ quick loans and emergency loans like the school fees loan," he explains.

He adds: "For development loans a member only qualifies for it after one year of saving on a monthly basis.

We give up to sh40 million for the development loans, and we give up to 4 times what you save for a maximum four years but two years if it's for agriculture."

Behind Wazalendo SACCO excellence

Brigadier Kavuma says the SACCO is member-owned, member-financed and members are the beneficiaries. "We don't target other people's money instead we have pooled money and given it to our members to invest.

And through the SACCO we have been able to break the culture of saving to eat but saving to grow," he says.

Kavuma reveals in the 11 years of its existence to-date, Wazalendo SACCO members have been able to get a total sh600 billion in loans.

He says despite challenges, Individual members have invested this money wisely.

The members are taking among other agriculture loans, Nyumba (house) loans, Biashara (business) loans and paying back with small interest. In return the SACCO has profited.

Last year alone (2016) the SACCO made sh. 23 billion in profit (tax inclusive) and upon the deduction of tax the profit was at sh. 16 billion which was paid to members in bonuses. The profit surplus in 2016 was higher compared to the sh11.99 billion registered in 2015.

Kavuma adds extra money has also been taken to commercial banks and placed on fixed accounts bringing in even more profits for Wazalendo SACCO and its members.

Interest is earned on savings and dividends received on annual shareholdings by members.

Other successes

Ocan says Wazalendo SACCO members have been able to send their family members for tertiary education through their loan scheme.

This is in addition to acquiring land, constructing houses and acquiring numerous other assets.

To ease money transaction for members the SACCO has also invested in technology leading to improved services such as Mobile/ SMS banking, ATM service and Interswitch.

Using their Wazalendo ATM cards members can use over 300 ATM points of different connected banks to withdraw money or make a transaction.

Wazalendo SACCO network

So far the SACCO has 18 branches in Bombo, Kakiri, Mbarara, Moroto, Gulu, Acholi Pii, Entebbe, Masindi, Mbende, Kampala, Nakasongola, Jinja, Singo, Bondo, Masaka, Muhoti, Mbale, Kaweweta and an AMISOM Liaison office in Mogadishu.

Ocan says the SACCO is also affiliated to the Association of Micro Finance Institutions of

Uganda, Uganda Cooperative Alliance and African Confederation of Cooperative and Credit Associations in Africa.



Col. Simon Ocan
Chief Executive Officer
WAZALENDO SACCO

Net worth

Colonel Ocan reveals the Wazalendo assets value as of end of January stood at sh217 billion and of now should be standing at sh. 220 billion.

The savings alone stood at sh32 billion, share capital at sh95 billion, the loan portfolio at the end of the year stood at sh. 181 billion and the membership at an impressive 68,080.

The SACCO that has grown into the largest in Uganda is able to offer various loan products at an affordable rate of 15% per annum.

Who can become a member?

Brigadier Kavuma says anyone serving with the UPDF and their families, those paid by the Ministry of Defence and those hired by the SACCO are free to join Wazalendo SACCO.

But to join, one pays a non-refundable membership fee of sh. 10,000 that is for administration purposes.

Also one must buy at least 10 shares at sh. 10,000 each which is capital for infrastructure development.

A joiner is equally mandated to open an ordinary saving account where one saves at least sh. 5,000 per month and a Retirement Account where one must save at least 7% of one's basic salary per month. This money is not accessible until its actual purpose.

Other optional accounts include Minor's Savings where one can save for their child's future, School Fees Account and Fixed Deposit Account.

However joining is voluntary, which is a key principle of cooperatives and the cooperative law the Wazalendo SACCO follows.

"When you join you decide how much you will give to the SACCO which is deducted from your salary. Under this system there is no need for security since we deduct the money right from the source," Kavuma explains.

Ocan explains they have never had a problem of losing money "our system is airtight" he adds.

Kavuma says the SACCO leaders also meet members annually to work a way forward.

"In a year as Board and Management we go to members, meet them, tell them what we need, expect and challenges faced as we listen to their opinions as well," he says.

Ocan says in addition their internal audit/supervisory committee check on their activities quarterly and they also come when they hear any complaints.

"We also have external auditors," he says. Adding that Wazalendo has policies and plans for every activity.

Challenges

At close of 2016 demand for loans stood at sh15b, but supply remained between sh9 billion and sh10 billion per month and a solution is expected at this Annual General Meeting.

According to Kavuma, also poor investment and selection of enterprise is still a big challenge.

"A good number of our members still stick to the traditions of where they hail from when it comes to investment which is still a challenge," he says.

Adding that even with sensitization, some members of the force have failed to see importance in saving.

"We have a very poor saving culture as a nation. Not because we don't earn or don't have resources, Instead we earn as we eat and never think about tomorrow, hence we suffer," he says.

"But even though the culture of saving is still a big



Wazalendo SACCO Headquarters - Kampala