Ssembatya used money from the SACCOS to start a brick-making project and made sh21m by selling each at sh700

Kalinabiri SS SACCOS helps staff reach for their dreams

Back in 1994, H.K Sserwadda, the headteacher of Kalinabiri Secondary School in Ntinda, Kampala, found himself in a dilemma. His teachers demanded salary advance month after month, but the school did not have money. He started a saving scheme to help teachers meet their needs. The teachers were so sceptical that it took over 10 years to gather 30 required members to legally register it as a SACCOS. Today, the SACCOS has over 65 members and about sh120m in savings. They have so far lent out sh70m to members, writes **Victoria Nampala**

Some teachers have invested money in growing vegetables

Ssembatya's matooke plantation

Achieving dreams

Paul Ssembatya has been a teacher at Kalinabiri Secondary School Ntinda, Kampala, for more than seven years. Like most teachers, he had many development ideas, but could not realise them due to lack of capital.

In 2015, he joined Kalinabiri SACCOS and saved sh1.6m in 32 months at sh50,000 per month. Using his savings as collateral, he got a loan of sh1m at an interest rate of 3% per month, payable in a year.

Ssembatya used the money to set up a brick-making project. He later sold the bricks at sh700 each and made sh21m. He bought a plot of land in Matugga, Wakiso district, at sh19m and used the rest to buy building materials.

In 2016, he got another loan of sh2m from the SACCOS, which he invested in growing vegetables such as tomatoes and cabbage on the land he acquired.

Ssembatya saved sh1m from the vegetables. He topped this with savings to start constructing a six-bedroom house on the same plot of land, where he lives with his family. He borrowed money from the SACCOS periodically to help in construction of the house, until he completed it.

He keeps borrowing from the SACCOS because the loans are more accessible than those of banks or microfinance institutions where one needs collateral that many teachers do not have.

Like Ssembatya, over 65 teachers and support staff of Kalinabiri Secondary School have taken loans from the SACCOS to finance various development projects.

With over 65 members and approximately sh120m in savings, the Kalinabiri SACCOS has lent out a total of sh70m to members this year.

How the SACCO works

Cissy Namukasa, the SACCOS treasurer and head of the loan committee, says for one to join the SACCOS, they do not have to be teachers, but rather a member of the Kalinabiri Secondary School and then pay a membership fee of sh10,000.

"Non-teaching staff like cooks, cleaners, security guards among others, are all part of the SACCOS," she says.

She, however, says members who are transferred to other schools are allowed to remain part of the SACCOS.

Members of the SACCOS are required to save a minimum of sh30,000 monthly, which is deducted from one's salary by the school administration and deposited in the SACCOS account.

"There is no maximum limit of money a member can save a month. People save depending on their income. There is also free entry and exit from the SACCOS for all members with no fees levied against anyone who wants to leave the SACCOS," Namukasa says.

She says the SACCOS is run by a board of directors headed by the headteacher, Brother Leonard Bukenya and holds an annual general meeting (AGM) in which the executive members are elected and pertinent issues discussed.

In figures

50,000
The minimum amount of money every SACCO member is expected to save every month.

120m
The saving scheme has over 65 members and approximately sh120m in savings

Sh70m
The money the Kalinabiri SACCOS has lent out to members this year

Loan policy

"A SACCOS member can borrow a maximum of twice their savings, but this is at the discretion of the SACCOS loan scheme board. Loans are given out at an interest rate of 3% of the total amount of money borrowed per month," Lornah Mukoota, the internal SACCOS supervisor, says.

She says for a member to access a loan, they have to fill a form and present it to the board stating the purpose of the money.

"The board can take up to a day to deliberate on the cases presented. If approved, they will then prepare a bank voucher," Mukoota says.

Namukasa says members are advised to borrow amounts they can pay back.

"As long as one faithfully services each loan, they are allowed to take as many loans they wish," she says.

Every member of the SACCOS is eligible to get a loan.

"If a member defaults on a loan, the SACCOS will take over property of the member that is worth the money they are owed. If it is a business, the SACCOS will run it, until it gets back all the money due to it. If it a fixed asset like land, we will consider the activity on it first," she says.

"If a defaulter is carrying out agriculture on it, we will sell the produce to recover the loan. If there is nothing, we will, in agreement with the defaulter, sell it at market value, subtract the SACCOS money and give the balance to him/her."

Sseruyange, the SACCO chairperson

CHECKS AND BALANCES

- Before taking a loan, one is required to submit a draft budget showing how they will spend the money.
- Members of the loan committee then tour the various projects to ensure that members are using the money in line with the agreed upon activities.
- Several internal and external workshops are conducted with facilitators coming from other successful SACCOS and banks to sensitise members of best business practices as well as exchange knowledge on how best to run the SACCOS.
- To make sure managers do not flee with the SACCOS members' money, the headteacher of the school is one of the key signatories to the bank account.
- The SACCOS books are audited every year in the first week of December to assess performance of the scheme. The auditors' report is discussed to ensure the adoption of best practices.
- All SACCOS members are free to inspect the SACCOS books of accounts anytime.
- There are no levies on money borrowed; mandatory payments like subscription and membership are low.
- All SACCOS money is deposited directly in the bank. The treasurer receives a receipt acknowledging payments made by a particular member.
- Because the money is deducted from one's salary, the level of defaulting on loans is minimal.

Challenges

Because teachers are transferred often, some of them leave debts which hinders SACCOS activities since recovery of that money is difficult.

"To solve the challenge, we have been very keen on tracing loan defaulters to their new stations and working out arrangements to recover the SACCOS money," Namukasa says.

She says this has worked out mainly because members who are transferred have physical assets and are aware that non-compliance will force the SACCOS to attach their property and sold off to recover the money.

Namukasa adds that sometimes repayments are not regular during times when the school receives less money and is enable to pay teachers on time yet the SACCOS monthly contribution is needed by all means.

Achievements

Esther Seruyange, the chairperson says the SACCOS owns a piece of land measuring 25 decimals in the Canaan Sites estate located Manyangwa Gayaza in Wakiso district. There are various plans for it, but members are yet to decide on what to do with it.

The SACCOS planted a eucalyptus forest on 10 acres of land in Luwero two years ago.

Mukoota says the biggest achievement for the SACCOS is providing their members with easy access to cheap finance solutions for their development projects.

"Our teachers often complained about the collateral demanded by commercial banks for them to get loans. They were also worried about the high interest rates on loans. People would get stressed over how they would pay back the loans. They were also worried about losing their hard-earned property staked as collateral," she says.

"At Kalinabiri SACCOS, processing a loan quick. Money can be acquired in two days. All we require from a member is a well-filled form convincing the loans committee that the member is borrowing the money for a constructive reason and how they are to pay back the money; then consent letters from different people as banks do and we will give them the money."

Starting out

The Kalinabiri SACCOS making strides through the years

In 1994, H.K Sserwadda, the first headteacher of Kalinabiri Secondary School (who has since retired), met with his staff to discuss ways of raising funds for self-sustenance. He was prompted by the numerous requests for salary advances yet the school had no money to meet their demand. Fortunately, he had previously been exposed to the system of saving, having been one of the founder members of Mengo Teachers' SACCOS in the 1960s. However, he had an uphill task ahead of him.

"Teachers did not welcome the idea. In March 1994, I brought in Lawrence Matovu Baseka, who had worked with Co-operative Alliance which was a combination of traders in Kampala, who grew financially from SACCOS. He convinced the teachers to embrace my suggestion," Sserwadda says.

Matovu showed them some of the assets such as land, his house that he had gained from joining a SACCOS.

The SACCOS then started in 1994 with 20 teachers from the school and Sserwadda as the first chairperson.

Sserwadda asked Baseka to help him draft and set the scheme's current rules and regulations. The SACCOS was officially registered with the Registrar of Co-operative Societies in the Ministry of Trade and Industry in 2004.

"The scheme took long to be registered because its membership had not reached the required 30 for registration. The whole time, it was run by only three executives; the headteacher who was the chairman, the secretary and the treasurer," he says.

The scheme operated an account at Barclays Bank at the time and members were required to pay sh6,000 as a monthly contribution which gradually changed as the number kept on growing to the current 65. Twenty five members have been transferred, but are still members of the SACCOS.

"Due to my commitment towards the success of the SACCOS, I was voted chairperson in 2013. I registered many achievements at both personal and institutional level. On average, five members are joining the SACCOS every year," Sserwadda says.

Plans

Investment plans

The SACCOS plans to invest in a poultry project whose birds will be sold to the school during the term and the community over the holidays.

Diamond TIPS

Advice to other SACCOS

1. SACCOS members must work together with the executive for the smooth running of their activities.
2. The SACCOS executive must execute their duties for the good of the SACCOS and should desist from individual or personal interferences which tend to ruin the institution's activities.
3. Members should desist from defaulting SACCOS loans thus promoting the spirit of borrowing loans for more development of the SACCOS members.
4. Let the SACCO funds be deducted directly from one's salary. This is only way the SACCO can ensure a reliable and stable source of income as opposed to member pledges. Most importantly members should be loyal to the SACCOS.

What others say

Betty Nazziwa, support staff
Using loans from the SACCOS, I have paid tuition for my son at Kyema College, Masindi where he is studying water engineering.

Robert Ssekatawa, vice-chairperson
I joined the SACCOS in 2008 and after saving for seven months, I bought my first laptop at sh1.2m which helped me during my diploma in computer engineering. The SACCOS, through its loan system, lent me sh4m which I used to start building a residential house.

Erima Robert, SACCOS vice-treasurer
I borrowed sh4m to construct a residential house.

Christine Nalukenge, SACCOS Secretary
I took a loan to pay for my master's degree. I also bought a piece of land. Besides that, I also get loans to pay school for my siblings.

Night Scovia, SACCOS member
I joined the SACCO in 2005. I saved for a year and a half and started a mobile money business. The money I had saved was not sufficient. I was advised to get a loan of sh1.5m to invest in the business.