

BALOZI SACCO SOCIETY LTD

Strategic Plan 2020 - 2024

Invest in Secure Hands

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Abbreviations

BOD/BOARD	Board of Directors
BOSA	Back-office Savings Activity
CSR	Corporate Social Responsibility
DR	Disaster Recovery
FOSA	Front Office Services Activity
GM	General Manager
HR	Human Resource
ICT	Information and Communication Technology
KCI	Key Compliance Indicators
KUSCCO	Kenya Union of Savings and Credit Co-operatives
M&E	Monitoring & Evaluation
MFI	Microfinance Institution
Ministry	Ministry of Industry, Trade & Co-operatives
NACOs	National Co-operative Organizations
NBFIs	Non-Bank Financial Institutions
OSHA	Occupational Safety and Health Act
PESTEL	Political, Economic, Social, Technological, Ecological and Legal Factors
SACCO	Savings and Credit Co-operative
SASRA	SACCO Societies Regulatory Authority
SWOT	Strengths, Weaknesses, Opportunities and Threats
TNA	Training Needs Assessment

Executive Summary

This strategic plan was developed during a workshop that was held in July 2019. It was developed through a participatory process involving the Board, the Supervisory Committee and staff. The development of this strategic plan has been necessitated by the need to address challenges emanating from the prevailing economic conditions and spur growth of the institution. The board has therefore seen it fit to reaffirm its strategic direction and realign its operations accordingly.

This strategic plan document provides a roadmap, framework and an action plan that the Society will implement in the next five years. In coming up with this five-year plan, the team undertook a comprehensive assessment of the direction the society 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, competitor, risk and Gap analyses. A member survey was also administered and analysis of the same enabled the planning team to identify five strategic pillars;

1. Customer Pillar
2. Finance Pillar
3. Service Delivery Pillar
4. Human Resource Pillar
5. Leadership and Governance Pillar

For each of the above strategic pillars, objectives, strategies and an action plan were developed. During the implementation period, the board and management will streamline the operations of the society by regular review of strategies, policies, research on new products and implementation of a management information system to meet members' needs. The effectiveness of the board will be enhanced through capacity building programs. Staff may be recruited gradually depending on expansion of operations.

The society understands that developing a strategic plan is a good thing, but achieving the set goals comes with a consideration. Provision has therefore been made to budget for the activities of the strategic plan on annual basis as a means to prioritize and optimize resources. This is necessitated by the need to take into account changes that may result from reviews of the plan and contingencies. To help ensure successful implementation of the strategic plan a monitoring and evaluation (M&E) framework will be followed. The board will be responsible for M&E.

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Chapter 1: Introduction

1.1. Background

Balozi Co-operative Savings and Credit Society Ltd was founded and registered in 1975 under the Co-operative Society Act. The objectives for which the Society was established have been as follows:

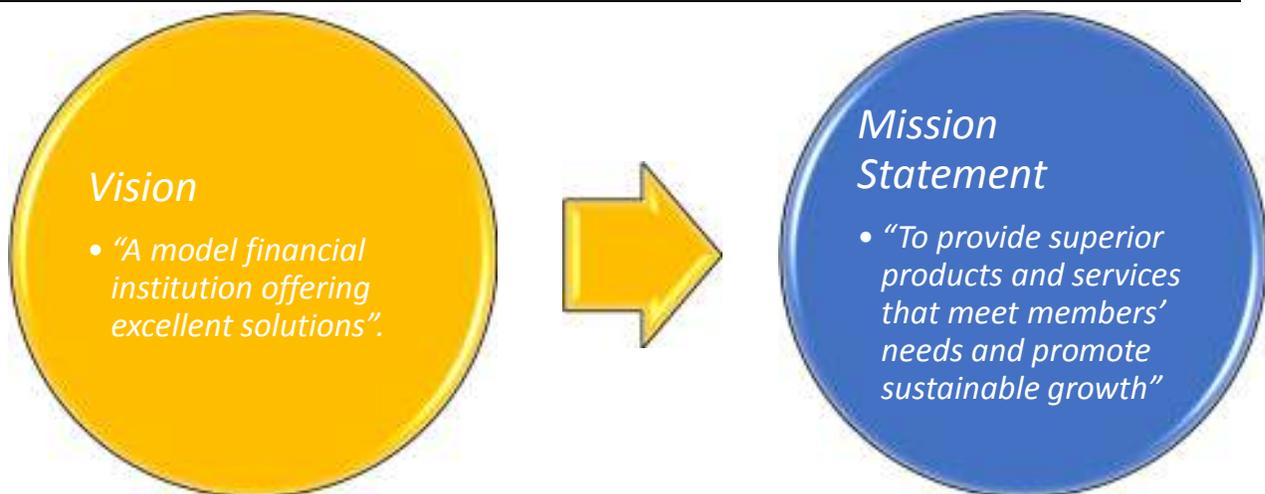
- i. To encourage thrift among its members by according them an opportunity to accumulate savings;
- ii. To create and develop a source of funds for lending to qualified members at comparatively low and reasonable rates of interest;
- iii. To provide an opportunity for its individual members to improve their respective economic and social conditions-, and;
- iv. To perform the functions and exercise the powers designated for savings and credit co-operative societies under the applicable law.
- v. Receipt of savings as shares and deposits as well as disbursing loans to its members remain the Society's principal activities.

Currently, Balozi SACCO draws its membership from the following:

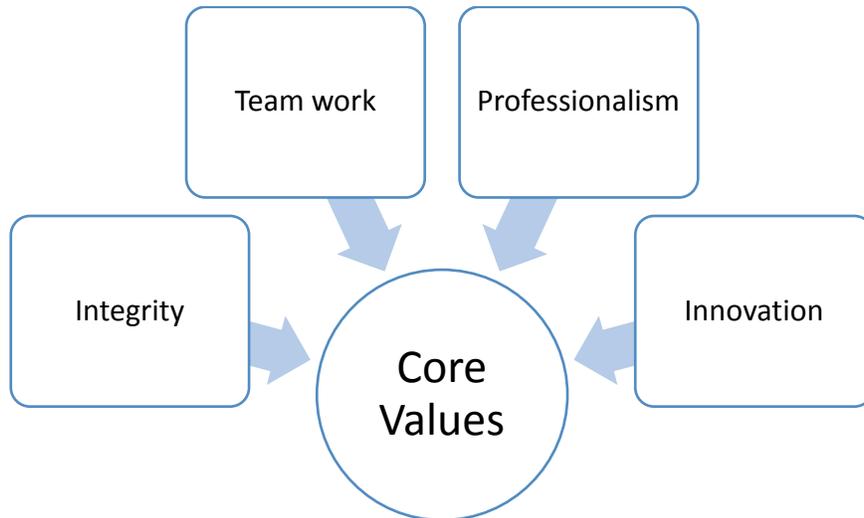
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|----------------------|-----------------------|------------------------------|
| i. US Embassy, | viii. Israel Embassy, | xiv. Canadian High |
| ii. USAID, | ix. KK Security, | Commission |
| iii. US Peace Corps, | x. Land O'Lakes Inc., | xv. British Broadcasting |
| iv. KEMRI WRP/CDC, | xi. H.J.F., | Corporation (BBC) |
| v. Usamru-K, | xii. G.I.S., | xvi. Walter Reed Project |
| vi. Chemonics, | xiii. Ampath Plus, | (WRP) and |
| vii. D.A.I., | | xvii. Affiliates and Spouses |

1.2. Identity Statements

Vision & Mission Statements



Core Values



Integrity: We are committed to acting in an honest, impartial, fair and transparent manner.

Team work: We are committed to building corporate ideals to fully tap the rich and multi-skilled human resource base of Balozi SACCO to achieve our mandate. Employees' involvement at all levels shall our hallmark.

Professionalism: We are committed to upholding the highest standards in our service delivery to all stakeholders.

Innovation: We are committed to encouraging innovation and creativity in the Society.

Slogan



1.3. Products and Services

1.3.1. Saving Schemes

Product	Details
Share Capital	This amount is not withdrawable but can be transferred to another member upon cessation of membership. Shares earn dividends depending on the surplus reported within the year.
Deposits	Deposits earn interest depending on the surplus reported within the year. Loan granting is based on a member's deposits among other requirements like eligibility to pay. Deposits withdrawal is only allowed when a member is withdrawing membership.
Benevolent Fund Scheme	A buffer fund where members make monthly contributions to meet expenses upon bereavement of an immediate family member as declared by the member in advance.
Ekeza Fund Scheme	This product is to save and in return earn interest based on the period the savings are held by the SACCO.

1.3.2. Loan Products

Product	Details
Normal Loan	Intended to help members in improving their economic activities and social being. Repayable within a maximum period of 60 months (5 years) at 1% interest per month on reducing balance. Approved once per month by the Credit Committee.
Normal Plus Loan	Intended to assist members complete their projects or acquire properties aimed at building their asset base. Repayable within a maximum period of 72 months (6 years) at 1.334% interest per month on reducing balance.
Boresha Loan	Repayable within a maximum period of 84 months (7 years) at 1.21% interest per month on reducing balance. A multiplier of four (4) times a member's deposit is used subject to 2/3 of gross salary.
Boresha Plus Loan	Repayable within a maximum period of 84 months (7 years) at 1.33% interest per month on reducing balance. A multiplier of four (4) times a member's deposit is used subject to 2/3 of gross salary.
Super Loan	Repayable within a maximum period of 72 months (6 years) at 1.25% interest per month on reducing balance. The loan can be refinanced anytime. This product can be used to amalgamate all other loans except Okoa Advance.
Super Plus Loan	Repayable within a maximum period of 84 months (7 years) at 1.25% interest per month on reducing balance. Amalgamation of existing loans or bridging can be done anytime.
Ujenzi Loan	Repayable within a maximum period of 48 months (4 years) at 1% interest per month on reducing balance. This product can only be used for acquiring Balozi

Product	Details
	Investment Company plots. No guarantors are required (the plots are used as security for the loan).
Collateral Loan	Repayable within a maximum period of 84 months (7 years) at 1.05% interest per month on reducing balance. Loan is guaranteed through land title deed. Search is conducted on the property being offered as security, valuation of asset is done and then the asset is charged. All charges are paid by the member. Amount granted will be based on the 2/3rd of salary and 70% or 50% of the mortgage value of commercial land/building or agricultural land respectively.
Education Loan	Repayable within a maximum period of 24 months (2 years) at 1% interest per month on reducing balance. Applications must include fees structures. Granted on demand.
Emergency Loan	Repayable within a maximum of 12 months (1 year) at 1% interest per month on reducing balance.
Insta Loan	Maximum loan amount is Kshs. 1,000,000/=. Repayable within a maximum period of 24 months (2 years) at 1.25% interest per month on reducing balance.
Insta Plus Loan	Maximum loan amount is Kshs. 1,500,000/= Repayable within a maximum period of 36 months (3 years) at 1.292% interest per month on reducing balance.
Quick Pesa Loan	Maximum loan amount is Kshs. 300,000/=. Repayable within a maximum period of 12 months (1 year) at a flat rate interest of 12% on the amount loaned.
Okoa Advance Loan	Maximum amount for the product is Ksh.200,000. The maximum repayment period is 6 months. Interest is payable on a flat rate of 12%on the amount loaned.
Bridging	Allowed only in each respective loan category. Does not apply to Okoa Advance loan. Members can bridge their loans anytime. Interest charged is 5% of the outstanding loan balance. Other terms and conditions for loan products remain the same.
Amalgamation	A member can combine several loans into one except Okoa Advance. The products that can be applied in order to amalgamate are Boresha Plus, Boresha, Super and Super Plus loans. Interest charged is 5% of the outstanding loan balance. Other terms and conditions for loan products remain the same.

1.4. Purpose of the strategic plan

This strategic plan presents strategies that would see the Society emerge as a model financial institution offering excellent solutions. It is intended to address the current and anticipated challenges as well as capitalize on opportunities in the market through to 2024.

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. the primary
- ii. the secondary
- iii. the national cooperative organizations (NACOs)
- iv. the apex societies

Balozi SACCO falls within the category of primary societies.

2.2. Achievements / Milestones

Over the years, Balozi SACCO has made strides forward in a number of areas. These include;

- i. Purchase of its own office space thereby increasing asset base and earning additional income through rent.
- ii. The Sacco has modern technology (ICT) which is upgraded continuously. This has several benefits including;
 - Improved way of conducting meetings that saves on papers
 - High dividend and interest pay outs
 - Mobile banking – introduction of M-Cash, a mobile loan app whose uptake has been impressive
 - Introduction of an online portal to enable members access their records in real time.
 - Implementation of Electronic Document Management System (EDMS) which is envisaged to save members' time.
 - Enhanced communication through system-generated alerts/emails
- iii. Recruitment of well trained, competent and experienced staff
- iv. Consistent loan portfolio growth.
- v. Member education and reach leading to increase in membership
- vi. Improved/increased participation presence in the apex body activities
- vii. Competitive savings products that led to tremendous growth
- viii. Growth of deposits
- ix. Growth of share capital
- x. Opening of common bond

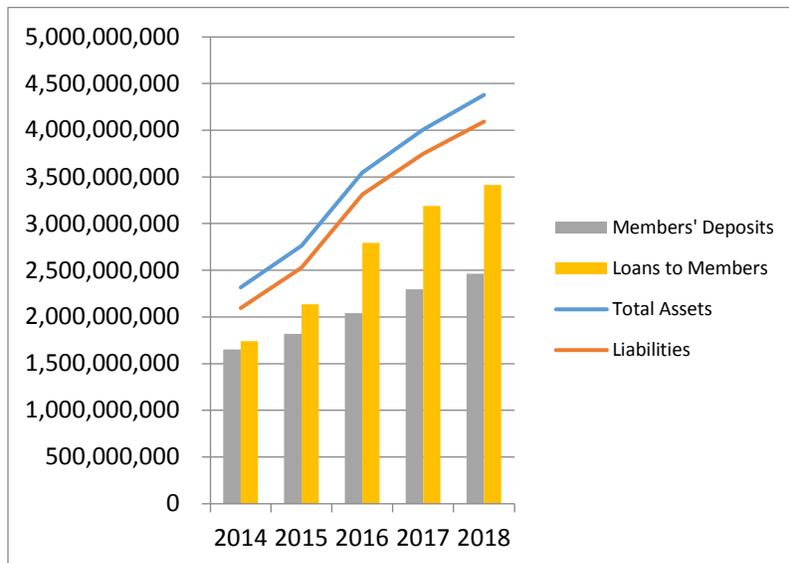
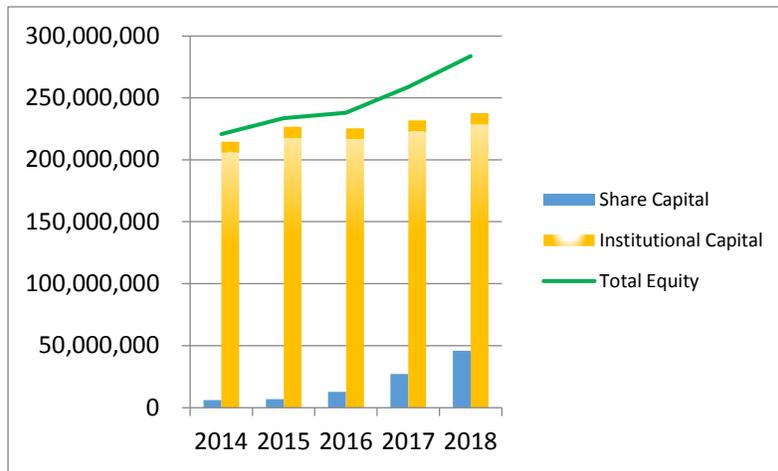
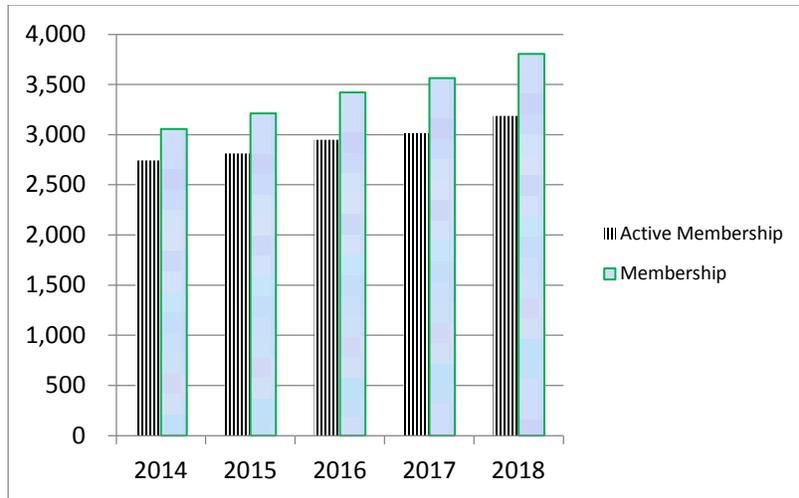
2.3. Challenges Faced

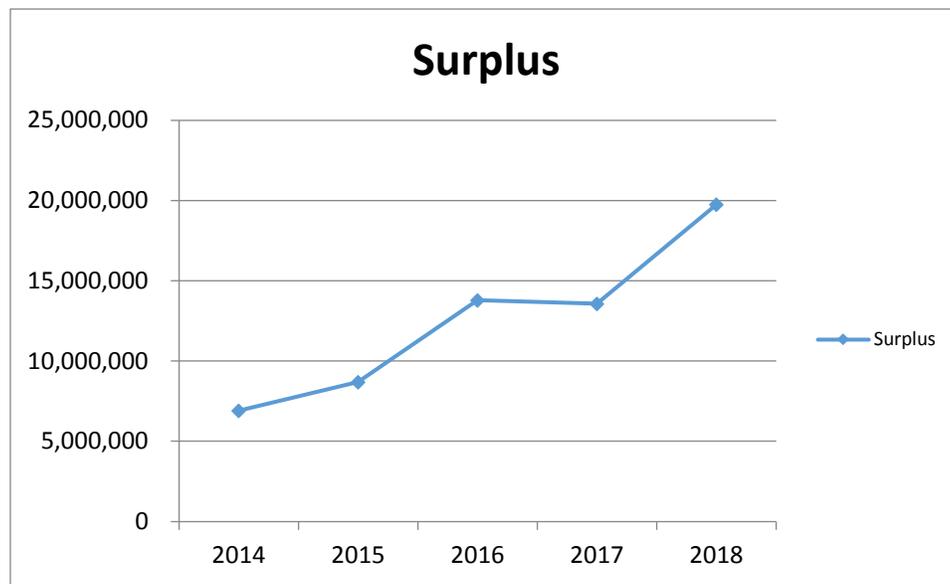
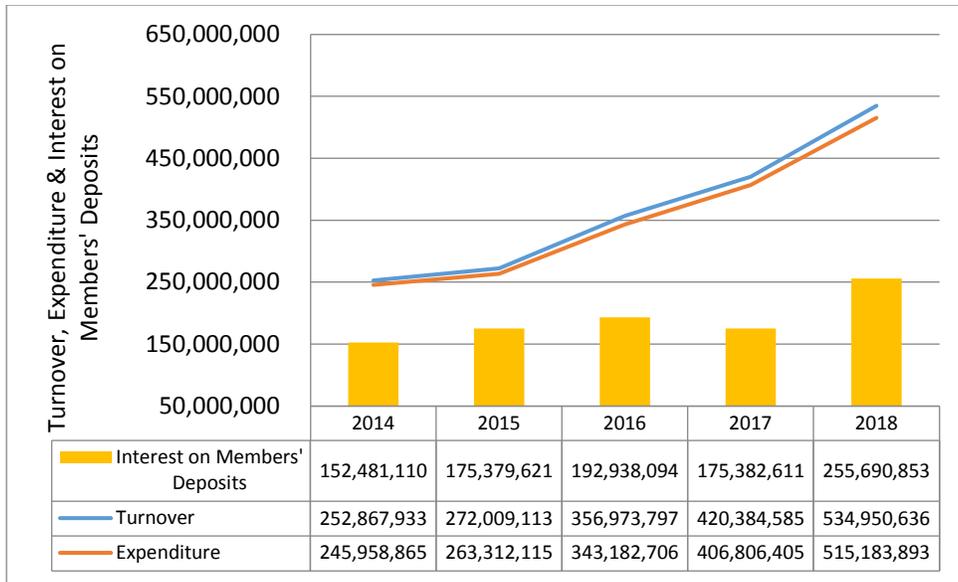
The journey that Balozi SACCO has embarked on has not been without its challenges given the dynamic nature of the operating environment. Some of the challenges that the society has faced include;

- i. Cash flow and liquidity problems
- ii. Poor savings culture among members
- iii. High cost of funds
- iv. Competition from other SACCOs, Banks and other Financial institutions
- v. Inability to recruit quality agencies to join the Sacco
- vi. Loan delinquency
- vii. Delayed remittances by employers.
- viii. Changes in Government Regulations/Policy.
- ix. Closure of some common-bond organizations
- x. Withdrawal from membership
- xi. Guarantorship challenges
- xii. Lean staff/manpower
- xiii. Implementation of the IFRS-9 as required by the law- resulted in the increase in the administration and operating expenses
- xiv. Aging membership

2.4. SACCO performance

	2014	2015	2016	2017	2018
Membership	3,058	3,212	3,423	3,566	3,808
Active Membership	2,741	2,811	2,949	3,014	3,188
Share Capital	6,042,680	6,718,817	12,594,409	26,972,616	45,808,814
Members' Deposits	1,652,107,952	1,818,533,077	2,040,897,808	2,294,380,804	2,461,540,635
Balozi Investment Co Ltd	100,000	100,000	100,000	100,000	100,000
Loans to Members	1,740,519,100	2,135,658,667	2,792,795,620	3,188,884,942	3,412,429,189
Turnover	252,867,933	272,009,113	356,973,797	420,384,585	534,950,636
Expenditure	245,958,865	263,312,115	343,182,706	406,806,405	515,183,893
Interest on Members' Deposits	152,481,110	175,379,621	192,938,094	175,382,611	255,690,853
Surplus	6,909,068	8,696,998	13,791,091	13,578,180	19,766,743
Dividends	1,355,040	2,267,524	3,713,985	4,095,144	9,118,871
Total Assets	2,316,879,406	2,762,602,121	3,547,768,712	4,005,164,841	4,377,946,444
Liabilities	2,096,023,142	2,529,068,973	3,309,746,356	3,746,335,962	4,094,154,322
Financial Assets	240,213,930	262,022,492	269,937,110	302,886,303	313,904,610
Institutional Capital	214,813,584	226,814,331	225,427,947	231,856,263	237,983,308
Total Equity	220,856,264	233,533,148	238,022,356	258,828,879	283,792,122



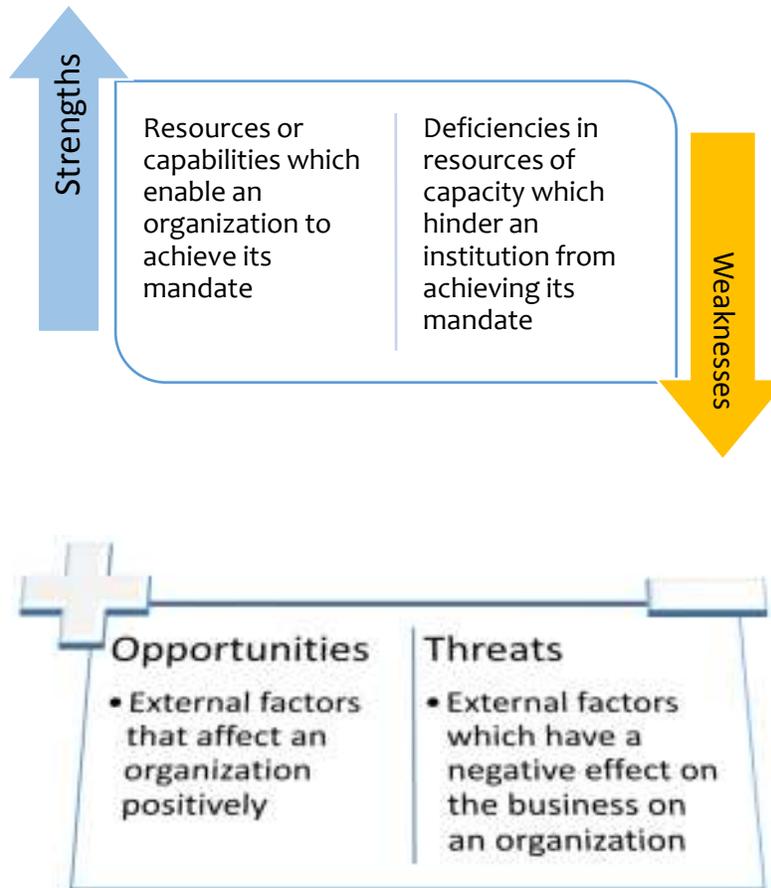


Chapter 3: Environmental Analysis

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	Action Required To Take Advantage
High demand for our loans	Increase minimum deposits and share capital Improve loan recovery rate Plough back of rebates Source for cheaper financing
Loyal members	Offer incentives as well as products and services that meet their needs
Board and Office Management are accessible and approachable	Continuous training/workshops on customer relations to enhance service deliveries
Professional, committed and hardworking staff	Continuous motivation & empowerment Recognition (thru nomination for awards)
Strong capital base	Increase share capital
Good track record for the past 44 years/ Strong corporate brand	Open up common bond to other reputable organization Recruit more members into common bond
Loans granted at 4 times deposits.	Market SACCO products.
Improved use of ICT for instant and effective communication.	Encourage feedback as much as possible for critique and constant improvement. Get members opinion on how they would want communication to be improved.
Enlightened membership	Continue with education forums and use the platforms for share drive and selling of the SACCO's products
Quality board, supervisory and staff	To give good direction to the Sacco
Timely payments of high interest and dividend	Market the SACCO's rebates to attract more members

Weaknesses	Action Required To Minimize
Offering so many products with similar features	Consider merging some of the products
Aging membership	Recruitment drives
Low demand for some of the products	Re branding of the products
Most members are net borrowers not savers	Continuous member education Provides incentives to encourage savings
Liquidity / cash flow issues.	Build a strong capital base to be self-reliant. Increase share capital

Weaknesses	Action Required To Minimize
	Retention of rebates Review product features
Increased borrowing from banks at a high interest rate with a short repayment period and lending at a relatively low rate and longer repayment period.	Mobilize funds internally to support loan demand from members. Borrowing to be taken as a last resort after all have been considered.
Lean staff	Recruit more personnel
Staff motivation	Develop/adopt motivation techniques

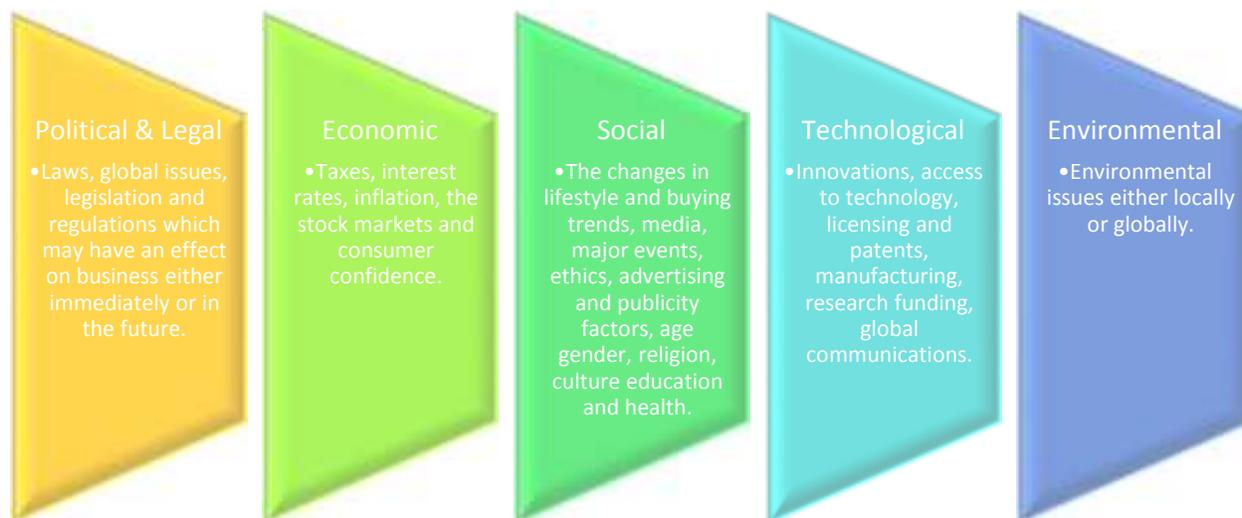
Opportunity	Action Required To Capitalize
Technological advancement	Digitalize registry
Unsatisfied demand from members	Ensure liquidity by investing in short term products more
Aggressive marketing to recruit quality agencies from unexploited markets	Hire Marketing officer
Build Balozi Sacco as a brand	Open the common and attract new members from other organizations.
Increase of minimum monthly contribution	Reach out to the membership to increase the minimum monthly contributions to attract quality membership because of a high multiplier and good returns.
Borrow from other Sacco's other than Banks.	Explore ways of inter Sacco borrowing at low interest rates.
Buy off loans from other Sacco's and other financial institutions.	Improve the loan book by buying off loans from other institutions for existing and potential members.
Potential to generate additional income	Rent/lease out part of the building.
Partnership with other institutions	Sign partnership agreements for mutual benefit with the SACCO
Untapped membership	Market the SACCO

Threats	Action Required To Minimize
Majority of members are employed on contract which on termination leads to exit of members	Admit members outside common bond Educate members on retaining membership after exiting the common bond

Threats	Action Required To Minimize
	Pursue possibility of recognition of other income besides salary pending policy review
Competition from banks and other financial institutions	Sensitize members on the difference between a bank and a Sacco Sensitize members on the importance of ownership. Repackage our products Be competitive and innovative to keep up with emerging market trends.
Diseases that may lead to loss of members	Enlighten them on good health on communicable and non-communicable diseases.
Reliance on external borrowing	Seek ways of being self-reliant: <ul style="list-style-type: none"> • Increase minimum deposits and share capital • Improve recovery rate • Plough back of dividends and interests
Changes in legislation	Participation in advocacy and legislation exercises
Limitation of common bond	Open the common bond
Closure of common bond organizations	Recruit aggressively & educate members on retaining membership
Cyber crime	Periodic systems audit Training of users on cyber security
Increasing poverty levels and inflation forcing members to seek cheap financial support, perpetual borrowers	Continuous member education to encourage a saving culture

3.2. PESTEL Analysis

The Planning team carried out a PESTEL Analysis as well. PESTEL factors stand for Political, Economic, Social, Technological Environmental and Legal issues.



The PESTEL Factors are summarised below;

Political Factors

- i. Government big four program agenda where all employees are to be deducted housing fund is expected to have a positive effect in the long run as it will result in saving for the members and the savings could be channelled back to the Sacco. It will however also have a negative effect due to the 2/3 rule in short-term.
- ii. The prevailing political climate has been conducive for business.
- iii. Political uncertainty in the country, especially during electioneering period
- iv. Terrorism affects the country and by extension the economy negatively.
- v. Pending bill for SASRA to regulate Non-Deposit Taking SACCOs may lead to adjustments as the SACCO works towards meeting the proposed prudential guidelines. It will however have a positive effect in the long run as the SACCO will improve its capital base.
- vi. Court cases; the SACCO has had some cases in court and while it is important to get justice for members, the court cases have come at a cost to the SACCO.
- vii. The introduction of IFRS 9 has led to reduced surplus for the SACCO as the amount of provisioning for loan loss has increased.

Economic Factors

- i. The high cost of living has led to less disposable income from members and this has hampered the SACCO's savings mobilization initiatives.
- ii. Increased taxation to curb the inflation rate has also affected members' propensity to save.
- iii. Removal of interest rate capping will result in an increase in the cost of funds.

- iv. The proposed increment of withholding tax on dividends will discourage members from further investing in share capital.
- v. Lack of funding of projects will result in closure of some agencies

Social Factors

- i. Poverty still prevalent among the people of the country and this has led to overreliance on short term mobile lending and increase in gambling among the youth.
- ii. There are cases where members borrow in order to take care of health related issues. In some cases, members reduce their savings so as to deal with health expenditure.
- iii. Mobile loans have become popular in recent times and this has led to increased income for the SACCO. However, recovery upon default is made from the members' savings.
- iv. The SACCO has embraced social media channels for easy and cost-effective communication to members.
- v. Appetite for loans from members guarantees income for the Sacco.

Technological Factors

- i. Balozi SACCO has embraced social media as a means of communication with members which has led to increased publicity, ease in dissemination of information, education to members and a feedback collection mechanism.
- ii. Technological changes are rapid so the society has to keep up and be informed at all times. Changes however can be quite expensive.
- iii. Publicity of frauds associated with Housing and Investment cooperatives affects the reputation of all cooperatives.
- iv. Mobile lending platforms have led to increased competition. The SACCO has however provided a similar solution which has been embraced positively by members.
- v. Cyber security is increasingly becoming an area of concern for cooperative societies as incidents of hacking which lead to losses are reported to be increasing.

Environmental Factors

- i. Effects of climate change have affected food security and agricultural productivity, which has an effect on economic performance. Studies have shown that the cost of food has an effect on the rate of inflation.
- ii. Pollution especially in urban areas will continue to affect the health and well-being of the society's membership

3.3. Stakeholder Analysis

The strategic planning team also carried out a stakeholder analysis. This was necessary for the purpose of ascertaining the various players in the society's operating environment that they can partner with to achieve certain specific goals,

Stakeholder	Stakeholder's Expectations	Balozi SACCO's Expectations
Members	Security of their savings, credit availability Patronise and promote Sacco products and services.	Timely remittances, loyalty to Sacco, Timely repayment of loans Promote the Sacco, talk good of the Sacco as well as recruit new members on behalf of the Sacco.
Board	Policy formulation Visionary Leadership that exceeds expectations. Register steady growth in all aspects e.g. membership, loan portfolio, interest on deposits.	Implementation of policies Steer the Sacco to greater heights within the required legal framework. High returns on investment.
Supervisory Committee	Provide the watchdog role Oversight	Checks the Board in its decision making to maintain prudence.
Staff	Improved working conditions Implement the vision and policies as set out by the Board. Chief advisors of the Board.	Chief implementers of the Boards decisions, in line with the set out vision as well as advisors to the Board.
Government	Support to the Movement Provide conducive environment for doing business.	Provide conducive environment for business Strong legislation from time to time to improve the business environment. Reduce punitive taxes to enable growth of the sector
NACOs	Champion for reforms	Advocacy
Suppliers/Creditors	Prompt delivery, quality services, reasonable rates	Prompt payment, provision of information
	Quality goods and services Timely payments.	Provision of quality and timely goods and services and paid on time.
Community	CSR	Membership
External auditor	Oversight	Give information on how to improve the internal control systems
Bankers	Safe Custody of cash and other valuables	Provision of service at affordable rates Safe custody of cash and other valuables, provide statements on time
Parent Company / Employers	Timely remittances of deduction to the Sacco	Recruit members on behalf of the Sacco, timely remittances

3.4. 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.

3.5. 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 the SACCO products and services and general satisfaction.

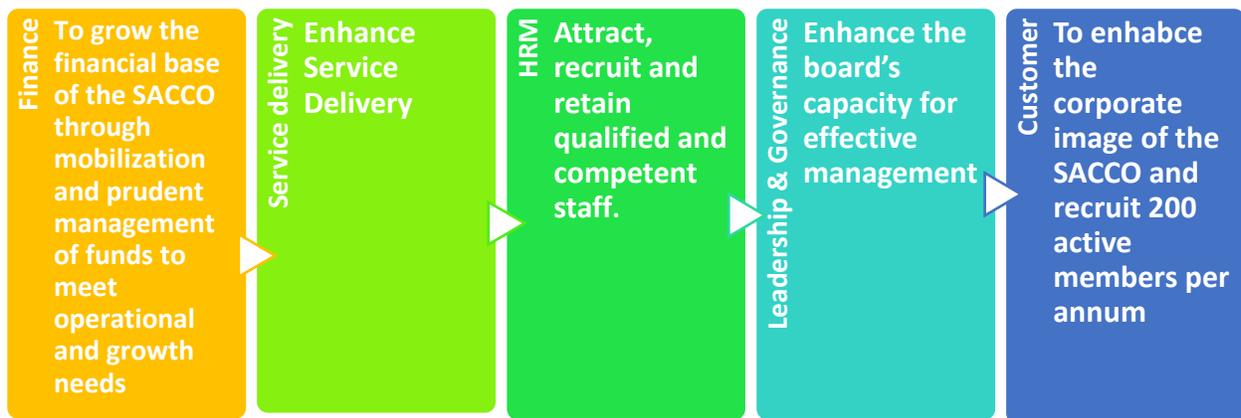
Chapter 4: Strategic Pillars

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 Balozi 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;



4.2. Action Plan

Leadership & Governance

Objective: Enhance the board’s capacity for effective management

Strategy	Activity	Performance Indicator	Timeframe	Responsibility
Board evaluation	Develop & implement Key Performance Indicators (KPI) for the board, the SC and sub-committees	KPIs developed and adopted	By January 2020	Board and Supervisory Committee chair
	Enlighten the members on the KPIs		March every year	Chair
	Provide the tools and resources for the implementation of the KPIs			
	Implement the KPIs		Annually	Board
	Evaluate the performance	Evaluation report	Every December	
	Adapt the results of the evaluation		Every January	
	Orientation of the new board members	Orientation report	Annually in March	
Compliance	Identify areas of compliance	Compliance Report	By December 2019	Executive Committee
	Assign & enlighten responsibility to the necessary committees			
	Monitor and evaluate		Annually in December	
ERM	Identifying the risk	Risk register in place	May 2020	BOD
	Carry out the risk assessment			
	Risk mitigation			
	Monitor and evaluate	Evaluation report	Every June & December	
Training & Development	Identify training needs	TNA report	Annually in December	Education Committee
	Develop training plan	Training plan in place		
	Monitor and evaluate	Evaluation report	Every year in December	
Governance structure	Define the board and management roles	Reviewed Board charter	Q1 – 2020	BOD

Customer

Objectives: To enhance the corporate image of the SACCO and recruit 200 active members per annum

Strategy	Activity	Performance Indicator	Timeframe	Responsibility
Membership recruitment & retention	Identify and recruit potential members within the common bond	Growth in membership	Annually from January to December	Education & Marketing Committee
	Provide incentives to the recruiters		Monthly	Board of Directors
	Identify potential members within the common bond through reps			
	Provide favourable products that will suit the members leaving the common bond	New products launched		
	Seek and implement customer feedback through customer satisfaction survey	Survey report	Annually	
Marketing	Corporate Social Responsibilities	Growth in membership	Annually	Board of Directors
	Branding the Sacco – merchandise		Fortnightly	
	SMS marketing			
	Online marketing			
	Family days			
Member education	Develop an education plan and materials	Marketing materials developed and distributed	Annually in December	Education & Marketing Committee
	Implement the plan in different agencies	Number of members trained	Annually	
	Identify potential institutions outside the common bond and conduct education forums			
Loan products	Review the products terms and features	Product Review report	Every January	Board of Directors

Human Resource Management

Objective: Attract, recruit and retain qualified and competent staff.

Strategy	Activity	Performance Indicator	Timeframe	Responsibility
Recruitment of staff	Identify areas with need for staff	Optimum staffing levels	Annually	Board of Directors
	Advertise, interview and place		Three months after identification	
Training & Development	Identify training needs	TNA report	Every December	General Manager
	Develop training plan	Training plan in place	Every December	
	Monitor and evaluate	Evaluation report	Every year in December	
Staff Performance Management	Develop work objectives	Improvement in staff productivity	Every December	General Manager
	Performance appraisal		Every July and December	
	Reward exceptional performance		Annually	
	Implement corrective measures for non-performance			
Staff motivation	Rewards and recognition for staff	Improvement in staff productivity	Annually	General Manager
	Benefits for staff			
	Promotion for staff based on performance		Whenever there is a vacancy	Executive Committee
	Upward mobility & hiring from within		Annually	General Manager
	Review the terms and conditions		Review report	
Occupational health and safety	Ensure a proper and conducive working environment for the staff	OSHA report	Annually	General Manager
	Safety awareness for staff	Training conducted		
Succession planning	Develop and implement a succession plan	Succession plan in place	Annually	General Manager
	Review the organization structure to ensure it reflects the reality		2022	

Finance

Objective: To grow the financial base of the SACCO through mobilization and prudent management of funds to meet operational and growth needs

Strategy	Activity	Performance Indicator	Timeframe	Responsibility
Effective Loan Management	Timely loan processing	Growth in loan portfolio	Within 48hrs	Loans Officer
	Disbursement of loans		Short term within 48 hrs Long term 30 days	Finance Manager
	Loan Recovery		All allotments sent weekly other than KEMRI & KK which is sent by 15 th of every month.	Loans Officer
	Review of multiplier		2020	Credit Committee
Effective Delinquency Management	Reconciliation of allotments	Reduction in loan default	Done every two weeks	Loans officer
	Follow-up of guarantors		Monthly	
	Listing defaulters with CRB			
Effective Resource Mobilization	Contribution of a minimum share capital of Ksh 500 per month	Growth in share capital	Starting Q1 – 2020	Board of Directors
	Encourage members to increase their savings	Growth in savings	Quarterly	
	Market savings products		Monthly	
	Encourage retention / capitalization of dividends / interest on deposits	Increase in equity	Annually	
	Review banding to include all loans	Increase in savings	Q1 – 2020	
Effective Dividend Policy	Develop a proper appropriation distribution policy document	Policy in place	January 2020	FC
Balozi Investment Company	Restructure the investment company by diluting the ownership of the Sacco in the investment company	Separation from BIC	Q1 – 2020	BOD.
Savings Products	Formulate a proper framework to operationalize products	Growth in savings	Q2 – 2020	BOD

Service Delivery

Objective: Enhance Service Delivery

Strategy	Activity	Performance Indicator	Timeframe	Responsibility
Effective Internal Processes	Develop standard operating procedures (SOP) of all internal processes	SOPs in place	Q1 – 2020	General Manager
Conduct Review of Policy	Review policies after every two years.	Reviewed policies in place	Q2 - 2020, 2022, 2024	Board of Directors
	Customer satisfaction survey to be done annually	Survey report	Every Q3	General Manager
Enhance ICT Capability	Review the service contract with aim of improving support from the programmers.	Reviewed contract	Q1 – 2020	Board of Directors
	Purchase and integrate a software to manage savings product.	Integrated software in place	Q2 – 2021	
	Feasibility study for purchase of a robust software	Feasibility study report	Q2 – 2020	
	Enhance communication e.g. social media, emails, SMS’s and phones.	Improved communication with members	Quarterly	Systems Administrator
	Conduct annual ICT audit	Audit report	Every Q3	Board of Directors
	Automate all processes in the office operations	Automated processes	Q4 – 2021	
	Conduct frequent cybersecurity training for board and staff	Training report	Annually	
	Train the users (staff and board).		Annually	

Chapter 5: Operational Strategies

In order to effectively fulfil its mandate, Balozi 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, Balozi 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 service or product provided by the Society. The Society must ensure there is sufficient cash, because a cash shortage shall disrupt the operations, while excessive cash shall remain idle, without contributing anything towards the Society's profitability. To this end, cash-flow management shall be practised 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 withdrawal and loan
- 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 can also reduce loan delinquency and enhance the quality of its loan portfolio by engaging the Credit Reference Bureau.
- v. The SACCO must improve on service delivery by addressing members needs such as availing credit and/ or refunds when needed. Improvement in service delivery can further be enhanced by improving on membership records, proper accounting and deployment of a working management information system as well as by 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. There is need for the society to provide training that promotes service delivery. The training shall assist the management to improve their work performance, efficiency and productivity. The training regime adopted needs to also be geared towards achieving the set objectives of the organization. Each year's Training needs will be identified. In-house Education and training programmes shall be arranged to satisfy specific and other identified needs in the organization.
 - 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) 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 G.M 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 G.M.
- 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 G.M indicating overall progress made on key strategic objectives.

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

- a) Progress made against Plan
- b) Causes of deviation from Plan if any
- c) Challenges and proposed solutions to issues that adversely affect implementation
- 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.

Activity	2020				2021				2022				2023				2024			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
In-House Staff & Board Feedback (monthly)	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Quarterly Reviews by Mgt Board	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Quarterly Assessment of staff performance	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Annual External Audits	X					X				X				X				X		
Provision of progress report to strategic partners (Quarterly)	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Mid-term review										X										
End of Term Review																			X	
Review and Preparation of the next strategic plan (2025-2029)																				X