



Khasakh Cooperative Society Limited Chairperson's Report for KHASAKH AGM on 23rd March, 2024

1) Welcome Remarks

I take this opportunity to welcome you all to this 11th Annual General Meeting (AGM) for Khasakh Cooperative Society Limited. I thank the Almighty God for having given the gift of life to all of you dear cooperators.

The Board of directors is obligated to call for an Annual General Meeting pursuant to the provisions Regulation 17 and 18 of the in accordance with Article 18 of the Cooperative Societies Regulations and clause 33 of the Khasakh Multipurpose Bylaws which require *convening the AGM within 90 Calendar days following the closure of the financial year*. That is an important reason for this AGM but more importantly, we have called this AGM to account to our members.

On behalf of the Board of Directors, I extend my sincere appreciation to all of you who have supported Khasakh Cooperative society and its membership in various ways and at all levels. In a special way, I thank World Vision Leadership, particularly the P&C director affording us space and supporting all efforts of the Cooperative. Further I extend my gratitude to Khasakh management team for their support to the Board in performing its roles. Additionally, to the Supervisory Committee for their support in steering the society forward. The Supervisory Committee has been very instrumental in ensuring that business continues even during challenging times.

Today we are specially honored to have the World Vision National Director as our special Guest. On your behalf I wish to thank him and his leadership team for supporting KHASAKH. Sir, this is a child of World Vision Uganda and we thank you for giving us space to work with you in serving our people and fulfilling our mission and objectives.

2) Khasakh Cooperative Society Governance and Management.

I wish to remind members that Khasakh is a duly registered multi-purpose cooperative Society that is open to offering more Savings, Credit & Investment products. The new Cooperative Society Act (the Cooperative Societies Amendment Act 2020) therefore applies to Khasakh. The last AGM approved the investment policy and the dividend policy as part of the new strategic plan. To improve our savings



portfolio and diversify our investment portfolio, in light of the stringent regulatory environment, **the Board of Directors is proposing to Introduce Mandatory monthly savings of at least 100,000 (One hundred thousand shillings only) and introduction of Investment Units alongside shares.** Investment units are monies set aside for investment to provide an opportunity for members to make more capital gains and returns on their investment. Further explanation will be provided in the subsequent reports.

a) Society Management team

I wish to report that the Society has a fully constituted management team of five (5). The Managers contract ended in December and the Board renewed her contract for 3 more years. Since the last AGM, **Ms Brenda Alumu** was hired as a member engagement and administrative officer and **Mr Fred Moses Ajuna** came on board as the Credit and marketing officer. On your behalf, I want to thank management for the professional management of the Cooperative society and for improving services to members. The Board has revised the HR manual to meet the current management needs.

b) Khasakh Legal Services

During the last AGM, members approved and engaged Moriah Advocates, represented by Counsel Joseph Amanyama to provide legal services. I wish to report that the firm has provided excellent support to the Cooperative Society. The firm has advised on risks and exposure associated with certain investment options and guided on mitigation plus reviewing and drafting all the contracts, handling debt recovery for non-performing loans. The Board realized it was irregular to renew the contract before AGM approval. An addendum was made on his contract extending it for 3 months that will end on 31st March 2024. A new contract will be provided with the approval of this AGM. I commend Counsel Joseph Amanyama for his excellent service and his responsiveness to all our legal requests. **We wish to recommend that the firm's contract is extended by the AGM on account that there is still a lot to handle such as licensing, supervision and regulation in addition to compliance with other laws that have a bearing on the operations of Khasakh. .**

c) Land Survey and valuation services

During this reporting period, one additional service provider, Synad Associates was contracted to offer land survey and valuation services after evaluation by Governance committee. This was intended to minimize performance issues due to monopoly by one provider. Therefor Khasakh currently has two land survey and valuation service providers i.e. Synad Associates and Future Properties Consultants.

d) Financial Management System (FMS) provider

The contract for **Savings Plus** was also renewed for provision of financial management system services.



e) Internal and External Audit services

Pamela Ndahura Kimera was recruited as internal auditor on retainer for a period of one year thus will be stepping down from VETCO.

J.Samuel Richards & Associates External auditor were ratified in the previous AGM and commenced Audit for the FY 2023.

f) The Board of Directors and Supervisory Board

This is to report that the two organs of the Society are fully functional and operating well. In 2023, the BOD and SUPCO had a joint retreat to review progress of the society. I wish to report that the SUPCO has provided very useful support to the EXCO in running the Society. The member satisfaction survey conducted by SUPCO was very useful and I thank those who participated in the survey. To benefit from services of SUPCO, the EXCO has proposed that SUPCO meets every 2 months.

3) Acquisition, Retention and Growth of Membership and Institutional Capital

As of December 31, 2023 we had a total of 937 members with 73,667 shares translating into share capital of UGX 1,841,675,000 thus a growth of 9% from UGX 1,682,375,000 in share capital from 2022- 2023. Although this was commendable growth of approximately UGX 159,300,000 it falls below the projected growth of UGX 313,325,000.

I wish to thank our ambassadors who are mobilizing and encouraging colleagues and spouses to join Khasakh. The Cooperative has not only improved on the current savings & credit products but it has also innovated new products to better suit the wide range of our member's financial needs- a detailed report on these products have been shared for your approval.

a) Fully paid-up members:

Fellow cooperators, I wish to report an increase in the fully paid up members of Khasakh from 580 in 2022 to 614 members in 2023. It should be noted that a full member of Khasakh SACCO is one who has acquired a minimum of 64 membership shares. Such a member has full entitlement in the running and management of the affairs of the SACCO through exercising their rights and responsibilities as outlined pursuant to the provisions of section 16 of Cooperative Societies Amendment Act 2020 and clause 36 of Khasakh Multipurpose By laws to include the following interalia:

- A right to use the society services and exercise their rights.
- Receive periodic and on request statements of account
- Attend and participate at General Meetings, at which each member shall have the right to one vote.
- Elect or be elected as a committee member of the society.



- Submit projects or initiatives to the committee for the improvement of the SACCO service

We note that out of a total of 1019 members, about 335 (from 670 last year) have only 2 shares and therefore not fully paid up. Unfortunately, majority of these do not even have savings. I call upon all people in the categories above to upgrade and become members by buying additional shares. The membership shares (64) can be bought at any time of the year without waiting for the floated shares.

In order to increase the number of paid up members, we are proposing a free interest loan to members targeting staff who are active employees of World Vision Uganda of up to 500,000 shillings at zero interest rates accessible once a year. This will start with immediate effect if the AGM approves.

b) Acquisition, Retention and Growth of Savings

During the financial year there were more withdrawals than deposits. We closed the year with net savings of UGX 3,012,543,000 compared to 3,528,136,000 in 2022. This is below the strategic target of UGX 5,227,000,000. **We propose to increase monthly mandatory savings to UGX 100,000 and increase the interest rate on child saver from 12% to 14% as a way to increase savings and attract more savers respectively.**

4) Khasakh Investments

Our major investment as a society has continued to be the consumption of the various loan products namely: salary loans, land loans, business loans and the asset financing loan. The second investment was in Real Estate, and money markets.

a) Real estate

In 2023, after due diligence, we made a decision to invest UGX 542,118,987 in three and half (3.5) acres of land in Kiwenda. This venture has so far earned Khasakh a profit of UGX 113,165,823 as of December 2023.

b) Treasury bills and fixed deposits

In 2023, Khasakh invested in Money markets (unit trusts ICEA, BRITAM) to the tune of UGX 879,000,000 compared to UGX 1,100,000,000 in 2022. The average interest rate of 10.8% which guarantees the Society an interest of UGX 86,965,000 at the end of the year. We hope to maintain this investment at the minimum because we can still meet our liquidity needs with liquidity status.

c) Loan disbursement and recovery:

We have sustained a good turn around for loan processing and disbursement. All loan applications are approved timely to enable payments to be effected in the same week, except for some occasional delays



caused by unavoidable internal challenges. The Society continues to strengthen its pre-approval reviews of loan applications to reduce the risk of bad debts by: conducting field visits to verify collateral security, doing land searches before loan approval and mortgage lodgement for security perfection.

Members outside WV are requested to submit employer's confirmation of continued salary payment through the bank where a standing order is placed. Thanks to the credit committee and management of KHASAKH. Total amount of UGX 5,784,865 was disbursed, the highest being salary loan amount of UGX 3,245,235,296 (56%) followed by land loans of UGX 1,721,699,569 (30%).

Fellow cooperators, it has been a difficult and bumpy road to recover your savings from some of our debtors. However, we have progressed to recover UGX165,497,975 from legal suits hence reducing on the Portfolio at Risk.

Challenges

- i) Low utilization of M-SACCO services. The app is on MTN and Airtel but not utilized by members.
- ii) Delayed remittance of member's contributions from World Vision Uganda.
- iii) Raising share capital is still a big concern and even after running a persuasive campaign, our share uptake is still sub-optimal. We are committing to increasing member education in order to increase shares.
- iv) Misinformation by some of our members. We have witnessed a lot of misinformation on our different social media platforms based on uninformed negative opinions. Members are urged to seek information from management.
- v) Stiff competition from other financial institutions however Khasakh has diversified into tailor made products that would add value proposition to our members. This has enabled Khasakh to stay attractive to its members.
- vi) Member retention.

5) Conclusion.

When we took office, I promised three things on behalf of the Board:

- i) That we would protect your savings. We have delivered on this promise by recovering more than 165 million shillings of the long overdue loans. To serve as examples, the Board has humbly acknowledged the need to promote the cooperative principle of EQUITY by foregoing the incentive this AGM had approved of 1% (instead of 2.5%) interest on short term loans for board members.
- ii) That we would grow our savings and investments. This year, our surplus after tax is UGX



609,485,000 shillings compared to 298,599,000 in 2022, a growth of 104%. This was through improved investment and disciplined expenditure. In 2023, our management and governance expenses reduced by 31%. We spent more on personnel costs because our team has grown.

- iii) That we would improve service delivery to our members: In 2023, we improved the turn around time for members to access loans and other services. It is possible to withdraw money from one's savings in a few hours and we have also processed loans in 24 hours except land loans.
- iv) Based on the previous successful investment in real estate (land project), we intend to prioritize real estate as a critical product in our investment in FY2024.

With this improvement, we are able to pay UGX 178,528,000 (10%) as dividends to our fully paidup shareholders which is the maximum payable as per the Cooperative Regulations. **We seek the AGMs approval to pay.**

I wish to sincerely thank the members of Board, SUPCo and VETCo who have served diligently within this time. It has been an enriching experience juggling the society responsibilities with our job obligations. My Board members have been a great team and have been available to support management. As the society grows, the Board will look propose incentives to motivate staff for good performance and members to take up leadership position. Am greatly indebted to the Credit committee who are doing everything possible to improve on the turnaround time for loan processing. To all the shareholders and members of Khasakh, thank you for putting your trust in us as an Executive Committee of Khasakh.

On behalf the Board, management, and on my own behalf, I present to you the report and I wish you fruitful deliberations. May the Resurrection of Christ bring victory in your lives

Thank you

A handwritten signature in purple ink, appearing to read "John W Tereraho", is written over a light blue rectangular background.

JOHN W TERERAHO
CHAIRPERSON.