



CHARISMATA SACCO SOCIETY LTD

STRATEGIC PLAN 2022 – 2027

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Foreword

Charismata Sacco has developed the 2022-2027 strategic plan to guide its operations for the next five years. The Sacco offers Back Office Services Activity (BOSA) to its members.

With current active membership standing at about 400 members, the Sacco hopes to implement aggressive membership recruitment objectives to more than triple this membership during the plan period, a key objective whose significance is at the core of the co-operative. The SACCO's leadership also hopes to streamline its business operations and improve its efficiency through innovative adoption of modern technology to automate its business processes and attract more capital and deposits. During this plan period, the Sacco also intends to buy an office.

This Strategic plan takes cognizance of the changes in the environment that are constantly impacting on the financial industry especially in the areas of technology, customer focus, and security and the critical need for sustainable growth. In order to achieve our ambitious goals as set out in this strategic plan, our most important asset. Human capital is expected to play a key role in developing an appropriate corporate culture that continuously embraces change based on dynamism in the operating environment. This will not only enhance productivity and facilitate radical improvements in the quality of customer service and corporate image but also improve shareholder value. To enhance our mandate, customer/members are considered paramount and will therefore be a key area of focus during the strategic plan period. The Strategic plan targets improved financial performance through new revenue streams to expand the revenue base. Implementation of this strategic plan has been structured to ensure accountability at all levels with explicit expected deliverables for all activities within clear timelines. For sustainable business growth, the plan will be implemented while continuously embracing our core values. Monitoring and evaluation will be done at all levels of operation through a sound performance management system. It is my conviction that with professionalism, teamwork, creativity, innovation and commitment during implementation and adequate support from all stakeholders, this 2022-2027 Strategic plan lays a strong foundation towards the realization of our Vision to be "To be the leading Sacco in the provision of affordable financial services."

Charismata SACCO Society Ltd
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Board Adoption of Strategic Plan

This document was discussed and approved for implementation as Charismata SACCO Society Limited Strategic Plan 2022 – 2027 with effect from _____.

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

ADOPTED BY:

NAME	DESIGNATION	SIGNATURE
	Chairperson	
	Vice Chairperson	
	Hon. Secretary	
	Treasurer	
	SACCO Manager	

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Abbreviations

BoD/BOARD	Board of Directors
CBK	Central Bank of Kenya
CBR	Central Bank Rate
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, Livestock, 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

Executive Summary

This strategic plan was developed over a workshop held at Citam Church Valley Road. 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 planning team undertook a comprehensive assessment of the direction the SACCO intends to take. 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. These analyses enabled the Board to identify four strategic pillars;

- i. Member Pillar
- ii. Financial Resource Pillar
- iii. Human Capital Pillar
- iv. Internal Process & 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 to 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 Business as the SACCO is projected to reach the eligibility threshold of Kshs. 100m.

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 monitoring & evaluation.

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1. Introduction

Background

Charismata SACCO was established on 20th February 2003 as Karen South Sacco. It later changed its name to La Nyavu SACCO with the main aim being to promote the welfare of members of CITAM business community who did not have access to cheap credit facilities. Its offices are currently based in CITAM Valley road compound in Nairobi Kenya. Today, Charismata SACCO has registered growth in its membership, capital base and deposits mobilised from members. It has also diversified its products and services.



Governance and Staffing

Charismata SACCO is run through a general membership system. There is a Board of Directors, which is structured into various sub-committees reports to the Annual General Meeting (AGM). There is also a supervisory committee which reports to the AGM. The Society has three staff members led by a SACCO Manager who oversees day to day running of Society operations.

Achievements / Milestones

Over the past few years, the society has made positive strides, reaching a number of milestones. Most notable among these include;

- i. There has been growth in capital, savings and assets;
- ii. The society is financially stable and finances its activities from internally generated funds;
- iii. There has been an increase in the rebates /members’ return on investment;
- iv. The society amended its by-laws to transition from a delegate’s system to a general membership system for more inclusivity in decision making at the governance level;
- v. There has been investment in ICT and the society is in the process of digitizing members’ records;
- vi. The society has put in place a website which helps in dissemination of information to members.

Challenges Faced

- i. There has been very little marketing carried out by the society
- ii. The society has had manual processes and limited use of ICT for a long time;
- iii. Absence of ample office space;
- iv. History of the SACCO that has tainted image;
- v. Competition from other financial institutions;
- vi. The Covid-19 pandemic affected savings and loan repayment;
- vii. There is a poor saving culture amongst members;
- viii. There has been growth in dormant membership;
- ix. There has been difficulty experienced by members in finding guarantors;
- x. The society has no check – off arrangements leading to irregular savings;
- xi. The society does not have upto date member contact information;

Products and services

In its effort to satisfy the needs of the members, the Society offers various back-office products and services that include:

	Products	Features
1	Normal Loan	Ksh 3,000,000/= with interest 1% per month on reducing balance
2	Emergency Loan	Ksh 200,000/=with interest of 1% per month on reducing balance
3	School Fees Loan	Ksh 200,000/=with interest of 1% per month on reducing balance
4	Household Products Financing	Ksh 400,000/=with interest of 1% per month on reducing balance
5	Premium Loan	Ksh 100,000/= processed with 48 hours and interest of 14% deducted up front

2. Environmental Analysis

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

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

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 33 B 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.

SACCOs

Despite the impacts of the COVID-19 Pandemic on the national economy, the 175 DT-SACCOs registered impressive growths in key performance measurement parameters of assets; deposits; and gross loans. The total assets within the DT-SACCO system grew to reach Kshs 627.68 Billion in 2020 from Kshs 556.71 Billion recorded in 2019. This was a 12.75% increase in 2020 compared to a 12.41% increase over a similar period in 2019.

The total deposits grew by 13.41% to reach Kshs. 431.46 Billion in 2020 from Kshs 380.44 Billion representing an increase of 11.27% over the same period in 2019. These deposits formed the bedrock of sources of funding of the assets and shows that notwithstanding the impacts associated with the COVID-19 Pandemic, DT-SACCOs were still able to mobilise deposits at a near similar rate as the growth in their assets' portfolios.

On the credit side of their respective businesses, the DT-SACCOs reported an increase in the gross loans to Kshs 474.77 Billion representing a growth rate of 13.16% in 2020; compared to Kshs 419.55 Billion representing an increase of 12.09% recorded in 2019. On the other hand, the net loans and advances increased by 12.60% to reach Kshs 450.58 Billion in 2020, compared to an increase of 11.46% amounting to Kshs 400.16 Billion in the previous year 2019.¹

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.

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

¹ The SACCO Annual Supervision Report 2020

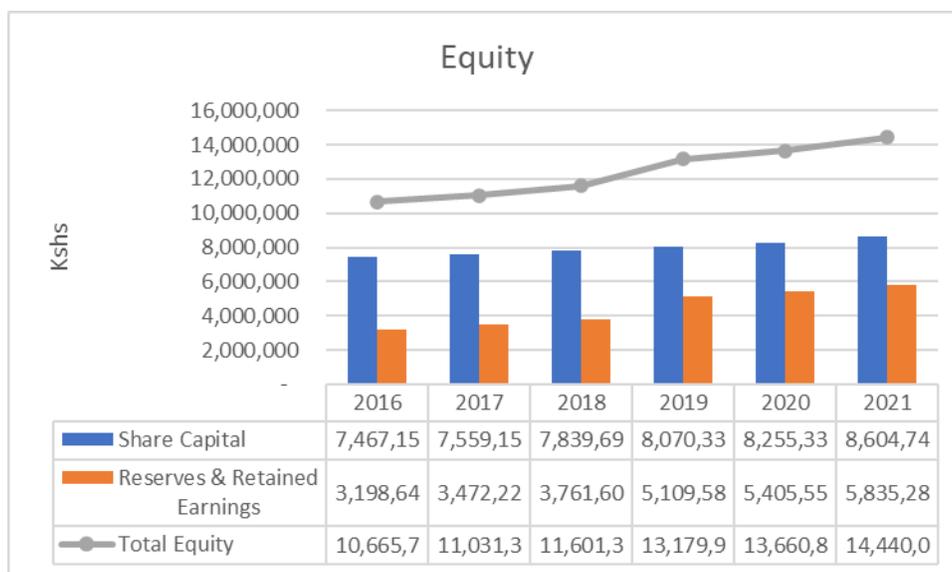
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operations with initial offers for index futures contracts on the NSE 25 Share Index and Single Stock Futures on five companies listed in the NSE.

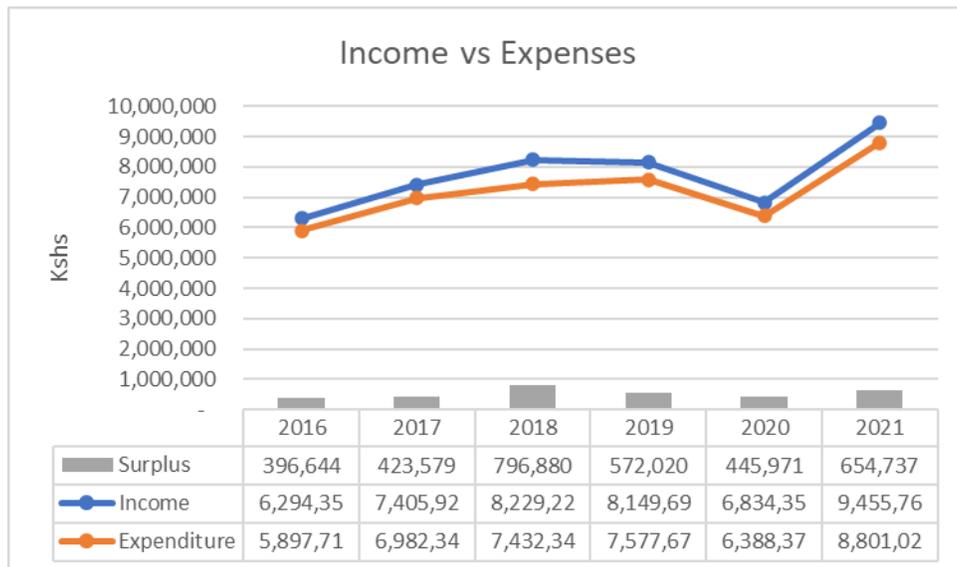
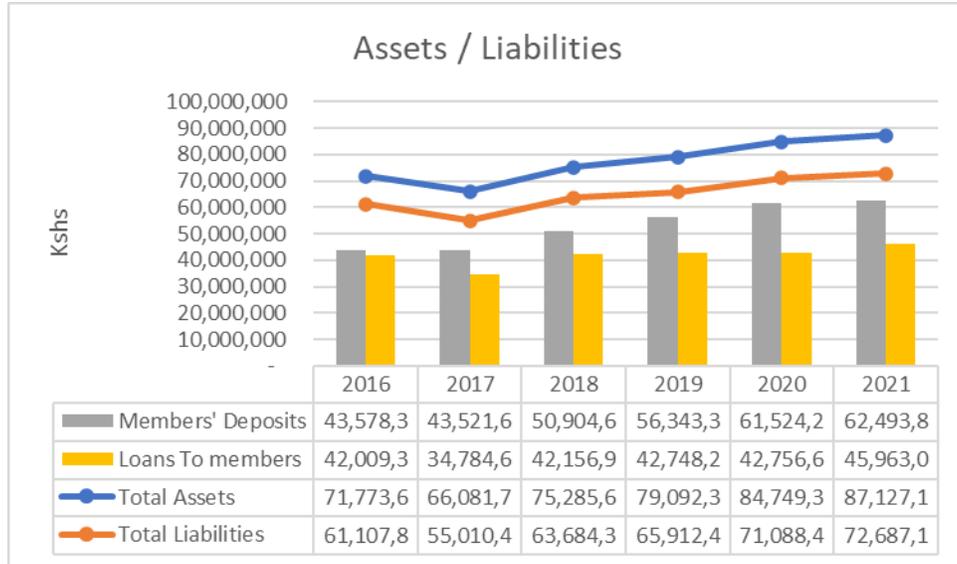
Through the Financial Act of 2018, the Retirement Benefits Authority (RBA) Act of 1997 was amended. The amended Act gives power to RBA to recover unremitted contributions from employers and penalize or wind-up non-complying pension schemes.

SACCO performance

Details	2016	2017	2018	2019	2020	2021
Membership	1,737	2,206	2,319	2,370	2,348	
Active Membership	376	382	407	365	374	
Share Capital	7,467,150	7,559,150	7,839,696	8,070,331	8,255,331	8,604,741
Members' Deposits	43,578,356	43,521,607	50,904,602	56,343,312	61,524,229	62,493,825
Total Assets	71,773,653	66,081,780	75,285,673	79,092,396	84,749,310	87,127,190
Total Liabilities	61,107,855	55,010,402	63,684,369	65,912,484	71,088,426	72,687,160
Reserves & Retained Earnings	3,198,647	3,472,228	3,761,608	5,109,580	5,405,552	5,835,289
Total Equity	10,665,797	11,031,378	11,601,304	13,179,911	13,660,883	14,440,030
Rebates	1,900,000	2,150,000	2,300,000	2,500,000	2,750,000	4,000,000
Income	6,294,356	7,405,928	8,229,225	8,149,699	6,834,350	9,455,764
Expenditure	5,897,712	6,982,349	7,432,345	7,577,679	6,388,379	8,801,027
Surplus	396,644	423,579	796,880	572,020	445,971	654,737
Loans To members	42,009,336	34,784,668	42,156,922	42,748,237	42,756,663	45,963,059
Interest income	5,243,906	6,150,040	5,672,900	5,536,018	4,595,238	6,761,762



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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 and Competitor Analysis.

SWOT Analysis



Strengths

- i. The society is conveniently located for members to access services;
- ii. There is easy access to church members;
- iii. The society enjoys a strong liquidity position;
- iv. There is a network of strong support from outsourced services such as valuers and debt collectors;
- v. All loans are insured;
- vi. The society enjoys affiliation to NACOs and has built strong relationships;
- vii. The society has dedicated staff and board members;
- viii. There is good support from the commissioner's office.

Weaknesses

- i. There is concentration risk as the society depends heavily on the church for membership

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- ii. There is a lack of adequate office space;
- iii. The society is yet to put in place adequate policies to guide operations;
- iv. There has been high turn-over at board level;
- v. There is a lack of interest from members to serve in the Board
- vi. There has been very little marketing carried out by the society
- vii. The manual processing puts a strain on members;
- viii. The members have a poor saving culture;
- ix. There are limited loan products.

Opportunities

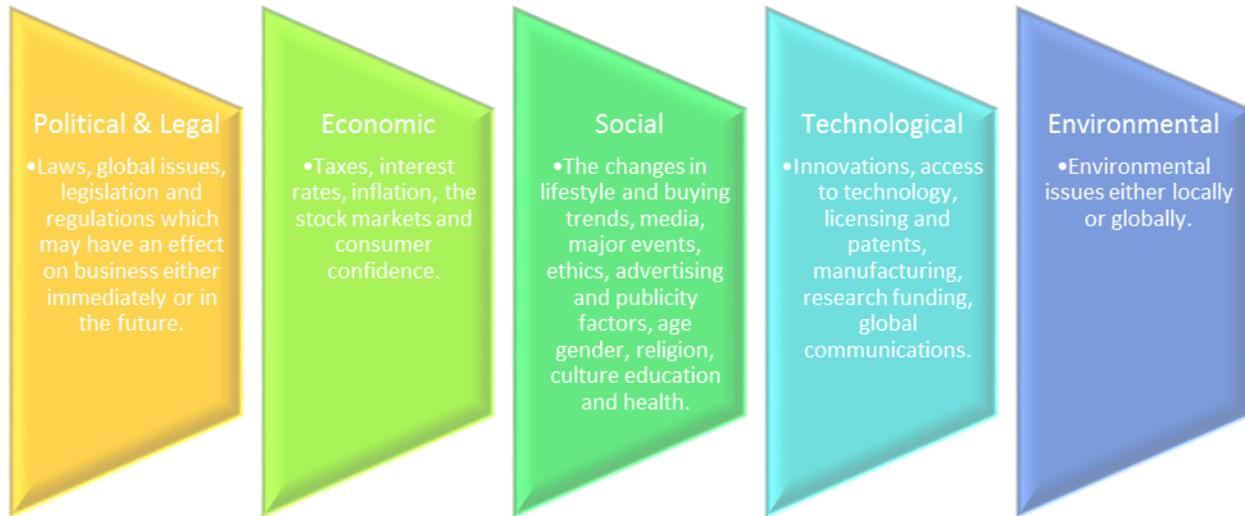
- i. CITAM assemblies provides ready market for members;
- ii. There is good will from the Church;
- iii. The society has a chance to leverage on technology for improved efficiency and marketing;
- iv. Economic growth provides opportunities for members, which in turn potentially affects the SACCO positively;
- v. The society has potential to grow and offer front office services

Threats

- i. The society faces stiff competition from other financial service providers
- ii. The pandemics have the potential to affect members
- iii. The electioneering period is likely to affect the business environment and by extension, members of the society;
- iv. Change in government regulations and rules presents a compliance risk;
- v. Technology presents the risk of cyber-security;
- vi. Fraud can lead to a lack of confidence in the society.

PESTEL Analysis

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



Political Factors

- i. The society needs to start working towards compliance due to the introduction of Regulations for Specified Non-withdrawable deposit taking;
- ii. Election periods typically result in lower savings and reduced investment by members;
- iii. There has been a change in policy where SACCOs are now expected to pay Single Business Permits.

Economic Factors

- i. The rate of inflation has increased leading to a reduction on disposable income and consequently reduced savings by members;
- ii. There has been an increase in taxation to curb the inflation rate.

Social Factors

- i. There is a pressing need to meet the demands of the younger generation in order to attract them to join the SACCO;
- ii. The SACCO needs to put in place customer focussed products and services;
- iii. Covid-19 pandemic interfered with members livelihoods as lockdowns and curfews were put in place.

Technological Factors

- i. The society can make use of ICT in marketing and communication. There are social media platforms which can be leveraged;
- ii. ICT can be used to increase efficiency in service delivery;
- iii. Adoption of technology comes with a need to put in place cyber security measures.

Ecological Factors

- i. The SACCO office is small and needs an ergonomic upgrade. It is also located close to a compost heap.

Legal Factors

- i. There have been changes in accounting standards which the SACCO need to adapt to

Stakeholder Analysis

Stakeholder	Stakeholder expectation from the SACCO	The SACCO's expectation from the stakeholder
Members	Prompt service delivery on Real time	Strict Adherence to SACCO laws and policy
The Board	Commitment, opportunity to work	Quality servant leadership
The Supervisory Committee	Commitment, adherence to the good governance, law, policy	Co-operation, effectiveness and efficiency
SACCO Staff	Good working condition/ environment	Result oriented performance
CITAM Church	Run our business with integrity	Give us maximum support
The Government	Adherence of government policies and regulation	Conducive working environment
Suppliers	Prompt payment of delivery	Quality discharge of service /goods
National Cooperative Organizations	Adhere to law and obligations	Cooperation in their initiatives
The SACCO's Bankers	Good working relation Real time services	Maximum cooperation in discharging their mandate.
External Auditors	Commitment, adherence to the good governance, law, policy Good record keeping as per the set international standards	Advisory services to better our services.

Competitor Analysis

Competitor	What they do better than us
Other SACCOs	The maximum loan being more than our current loan products
Banks	Unsecured loans being attractive to members
Shylocks	Real time credit facility advances
Merry-go-round / Table banking	Easy to get money
Microfinance	Loan processing is faster than that of Sacco's.

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Fundraising/Friendly loans	It is easy to get money through contributions than through the Saccos.
Digital lending platforms	Quick and easy access to credit

Gap Analysis

The Planning team also carried out an analysis of the status of implementation for the previous strategy document. The goal was to clarify what the status of various initiatives was, what needed to be carried forward, what needed a new approach and what had become irrelevant given the society's ambitions.

4. Strategic Pillars

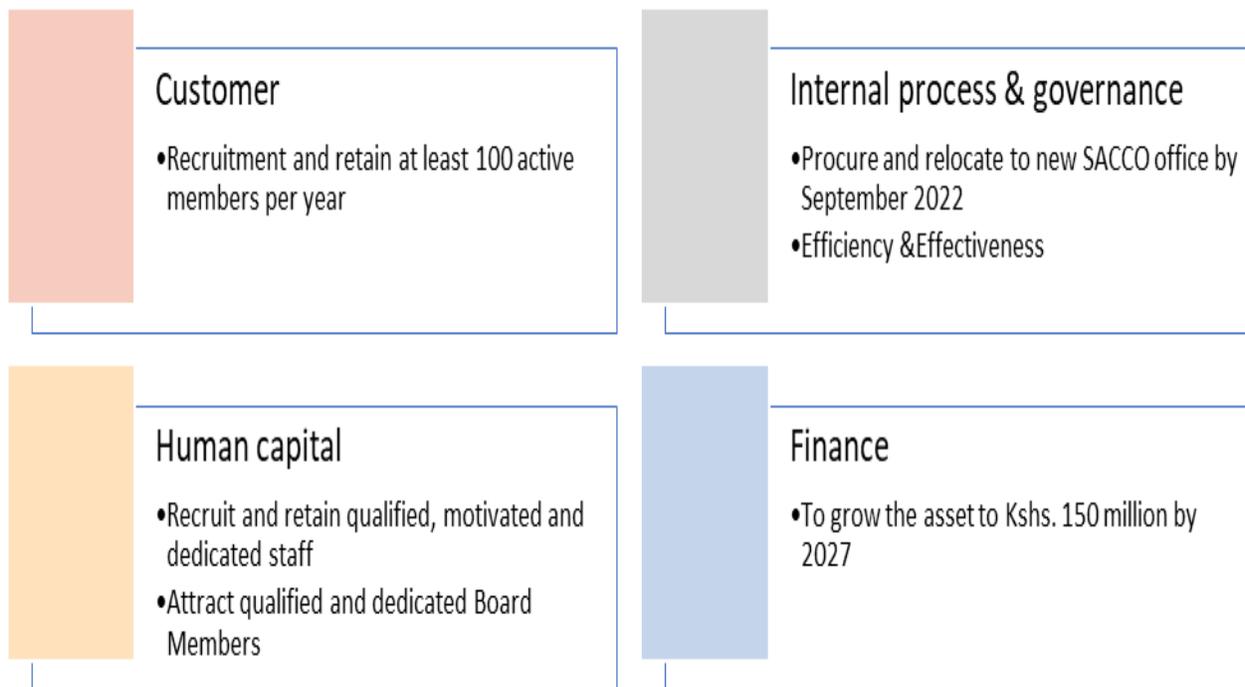
Key Result Areas

Given the strategic direction, past performance and the environmental analysis carried out by the planning team, four areas were identified as being key to Charismata 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;

Pillars & Objectives



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Action Plan
Customer Pillar

Objective	Strategy	Activities	Timeframe	who will act
Recruitment and retain at least 100 active members per year	Marketing	Visiting and pitching tents at CITAM assemblies	One assembly per month	Manager
		Requesting permission from the Assembly	One assembly per month	Chair and Vice Chair
		Prepare and distribute marketing materials (brochures/fliers/merchandise)	Annually	Manager & Education Committee
		Advertising through media e.g., Hope FM, through catalogue	One campaign per annum	Manager & Chairperson
		Open Instagram, twitter, Facebook.	June 2022	Manager & Education Committee
		Post on social media	Weekly	Manager
		Sponsor business forum	Annually / as opportunities arise	Chairman
		Place adverts in business forum		Manager & Education Committee
		Send out e-fliers	1 flier per week	Manager
		Segment target market (young professionals/ mature singles etc)	Every July	Education Committee
		Marketing by word of mouth	1 person per board member per month	Chair & Vice Chair
		Recruit groups	2 groups per annum	Education Committee
		Recruit corporate members for check-off	1 company per annum	Marketing executive
		Recruit a marketing executive	September 2022	Executive Committee
	Review products and services	carry out a market survey	Annually	Credit Committee
Review product performance		Annually	Credit committee	

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Internal process & Governance

Objective	Strategy	Activities	Timeframe	who will act
Procure and relocate to new SACCO office by September 2022	Engaging property agent.	Carry out due diligence on property	15 th of May 2022	Treasurer
		Choosing the property	by End may 2022	Chairman
	Furnish office	procure necessary office equipment	July 2022	Treasurer
		Signage/branding of SACCO office	July 2022	Education Committee

Objective	Strategy	Activities	Timeframe	who will act	
Efficiency & Effectiveness	Records Managements	Ensure Control of original & confidential documents	Monthly	Treasurer / Manager	
		Digitize member records	October 2022	Manager & Accountant	
		Procure Fire proof safe	May 2022	Treasurer	
		Develop an information preservation / data policy	June 2023	Manager	
		Back-up data	Weekly	Manager	
	Policies and procedures	Corporate communications & Marketing Policy Members' Service Charter Risk Management Policy Disaster preparedness & BCP		June 2023	Chairman
			Board Charter Board compensation Policy Elections & vetting Savings Liquidity	June 2024	Chairman

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		Complaints handling		
	ICT	Buy server	End of September 2022	Executive Committee
		Purchase of Laptops		
		Update data on installed Software	June 2022	Hon. Sec, Treasurer & Manager
	Benchmark	Identify areas/subject of benchmarking and relevant SACCOs	Annually	Education Committee
		Carry out and report on benchmarking exercise	Annually	
	Monitoring & Evaluation	review strategic plan	Quarterly	Chairman

Finance

Objective	Strategy	Activity	Timeframe	Who will act
To grow the asset to Kshs. 150 million by 2027	Increase loan portfolio to Kshs. 105 Million (70% of Total Assets)	Diversify loan products	December 2022	Credit Committee
		Aggressive marketing to enhance awareness on the loan products and collateral	Quarterly	Education Committee (co-opt members)
		Reduce the default loan portfolio by 2% annually, of total loan portfolio	December 2022	Credit Committee
	Grow members deposits to Kshs. 120 Million	Increase and enforce minimum monthly contributions of Kshs. 2,000	December 2023	Chairman
		Put in place member retention measures including; - Improve customer satisfaction, - Reschedule their loans,	December 2022	Credit Committee

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		- Guarantor management		
		Enhance recruitment of new members of at least 100 annually	December 2022	Chairman
		Activate 200 dormant members per annum	Annually	Chairman
		Offer attractive rebates	Annually, starting March 2023	Treasurer
	Growth in capital	Increase share capital from 5,000 to Kshs. 10,000.	December 2022	Chairman
		Enhance recruitment of new members of at least 100 annually	December 2022	Education Committee
		Increase the reserves by Kshs. 500,000 annually	December 2022	Chairman
		Retain 2% of the declared dividends to be capitalized by members	May 2023	Chairman
		Educate members on the benefits of growth in capital	Annually	Education Committee
		Encourage members to capitalize 50% of their dividends	Annually	Treasurer
	Surplus	review sources of income	Quarterly	Executive Committee
		Invest surplus funds	Quarterly	Executive Committee
		Adhere to approved budget	Monthly	Manager
		Manage expenses	Monthly	Accountant
	Investment	review performance of investments	Annually	Executive Committee

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Human Capital

Objective	Strategy	Activity	Timeframe	Who will act
Recruit and retain qualified, motivated and dedicated staff	Improve performance management	Identified annual targets for staff	Annually	Executive Committee
		Carry out bi-annual staff appraisal	January and June annually	Executive Committee
		Encourage weekly staff meetings that includes devotions	Weekly	Manager
		Review the Job Descriptions	After every three years	Executive Committee
		Establish performance management framework	December 2022	Treasurer
		Digitize HR function	June 2024	Chairman
	Review terms and condition of the service	Undertake market survey - Benchmarking	October 2022, October 2025	Executive Committee
		Ensure annual salary review	Annually	Executive Committee
		Review terminal benefits/gratuity	December 2022	Executive Committee
	Recruit new staff	Identify staff gaps and carry out recruitment	Annually	Executive Committee
	Staff Training	Carry training needs assessment	Every December	education committee
		Develop a training calendar	Every December	
		Facilitate staff to attend at least relevant training in a year	As per training calendar	
Attract qualified and dedicated Board Members	Improve performance of the Board	Develop a Board Charter	December 2022	Executive Committee
		Carry at least two board trainings annually	Annually	Education Committee
		Adhere to quarterly joint meetings with supervisory	Quarterly	Chairman
		Develop a Board Compensation Policy	December 2022	Executive Committee

5. Operational Strategies

In order to effectively fulfil its mandate, Charismata 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. 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
- iii. 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, the 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.
- 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.
- v. 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.
- vi. The SACCO must ensure service excellence by addressing members needs such as availing credit and/ or refunds when needed, improving on membership records, proper

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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.

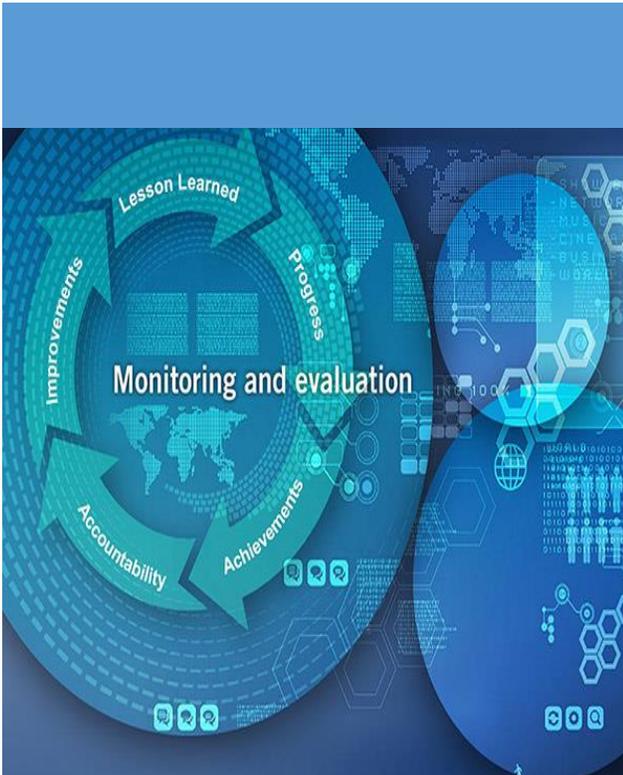
- vii. There is a need for the Society to institute a proper internal control system. Such systems can only be effective and can operate efficiently if:
 - a) There is a well-planned organizational structure with well-defined lines of responsibilities authority and communication.
 - b) There is proper 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.
- viii. The Society must employ competent and qualified personnel as and when required.
- ix. 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.
- x. The training regime adopted needs to be geared towards achieving the set objectives of the organization. Each year's training needs will be identified.

6. Monitoring and Evaluation

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:

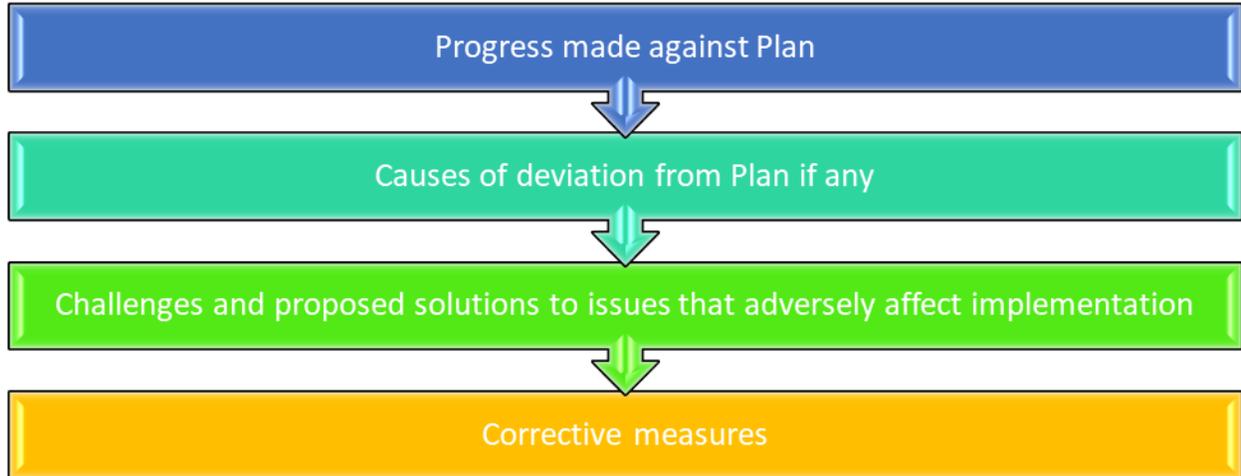
- i. The Strategic Plan will be reviewed annually and a progress report made to the Board through the Staff & Training Committee.
- ii. All projects prioritized will be resourced and reviewed annually during the budgeting process.
- iii. The implementation of the Strategic Plan will be closely monitored by the SACCO Manager 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



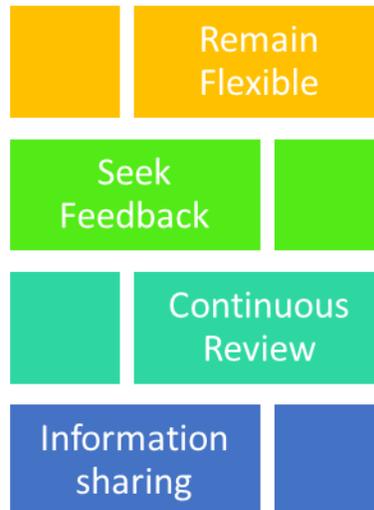
objective shall be made on a regular basis, preferably at least once a quarter through the SACCO Manager.

- 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 Staff & Training Committee.
- vi. Bi-annual review meetings will be held by the Board. During these meetings, the Board will receive and review progress reports from the SACCO Manager indicating overall progress made on key strategic objectives.

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



The process for Monitoring and evaluation will involve;



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.