



EUROPEAN
MICROFINANCE WEEK 2014
DEVELOPING BETTER MARKETS

ILCU Foundation – Alan Moore



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- ILCUF
- What is a Credit Union / SACCO?
- What makes them work & fail?
- Who are our members?
- Savings Message



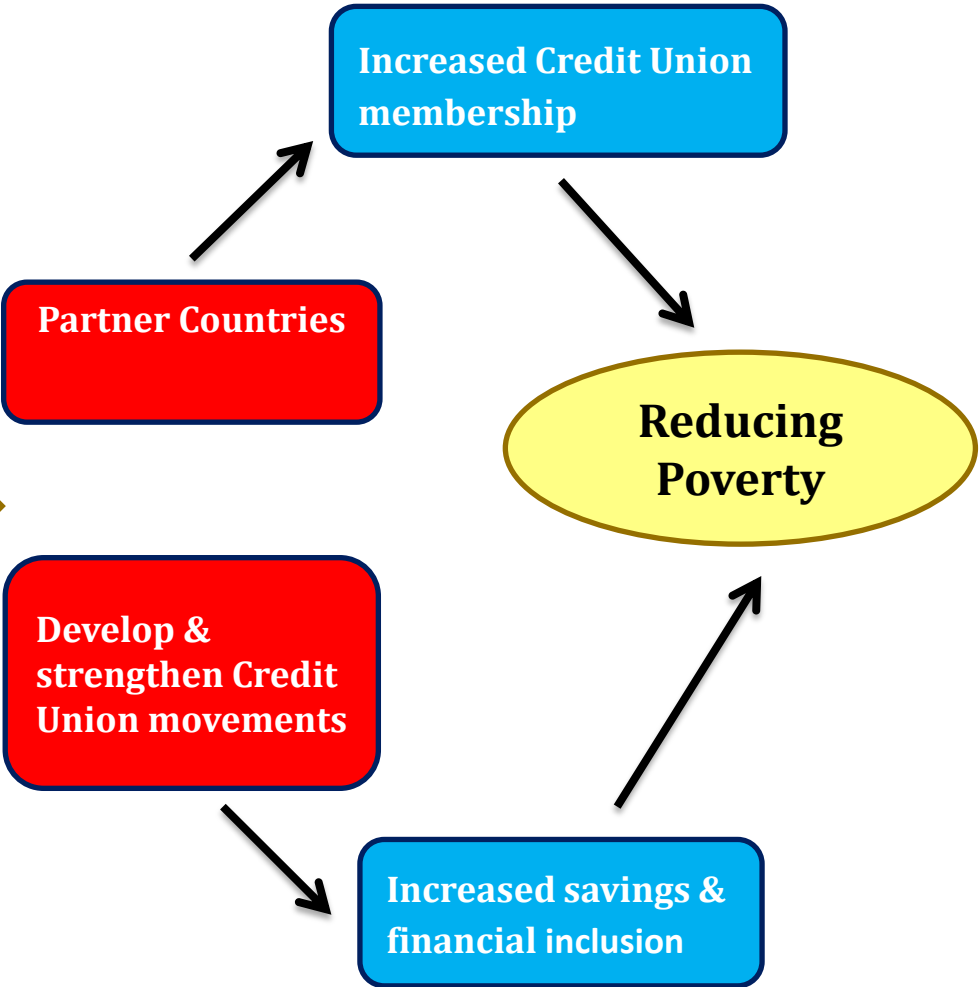
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**Credit Unions &
their members**



**External funding
(Donors)**





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**Africa: Ethiopia, the Gambia,
Ghana, Liberia, Sierra Leone**

North America: Belize

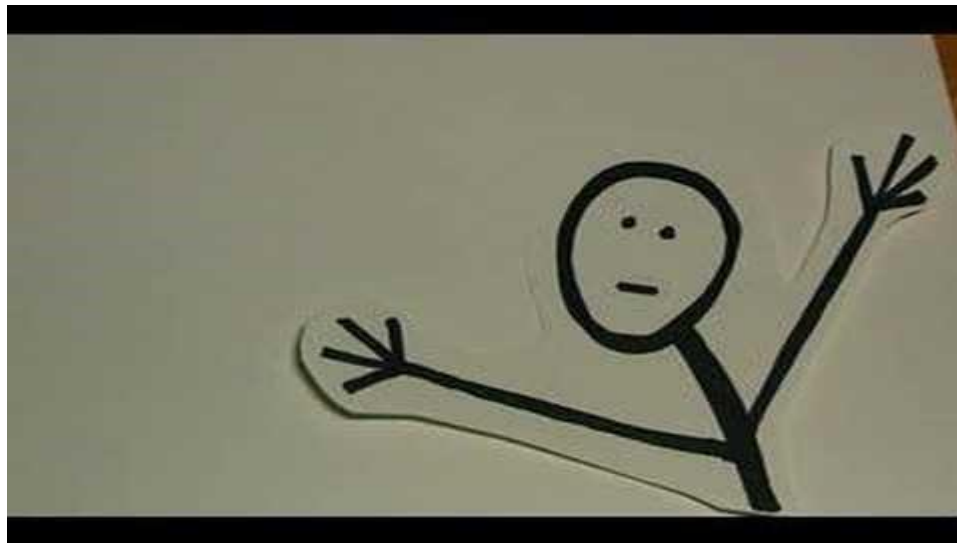




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The Credit Union Model



Credit Unions / SACCOs

- Formed by local initiative
- Led by Savings
- Member owned microfinance
- Membership size
- Voluntary board
- 'Not for profit, but for members' service





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What makes SACCOs work?

1. Local ownership / Social cohesion
2. Leadership
3. Book-keeping
4. Members
5. Stakeholders & Government offices
6. Own Building
7. Portfolio Size
8. Audit and/or oversight functions
9. Apex Body & adhering to by-laws



General Distinguishing Characteristics

Financial

- Reduces costs
- Lower interest rates
- Dividend to members
- Savings

Operational

- Limited financial services
- Restricted by amount of portfolio
- Services localised and not standardised
- Accountability to members
- Targets all local society

Social

- Collateral mechanisms
- High level of local community
- Common bond
- Promotes democratic procedures
- Develops local capacities

What makes SACCOs fail?

- Loans are not repaid
- Money is stolen or misused
- Incompetent governance
- Lack of accountability, supervision & audit
- Poor understanding of business model & operational procedures
- Weak management

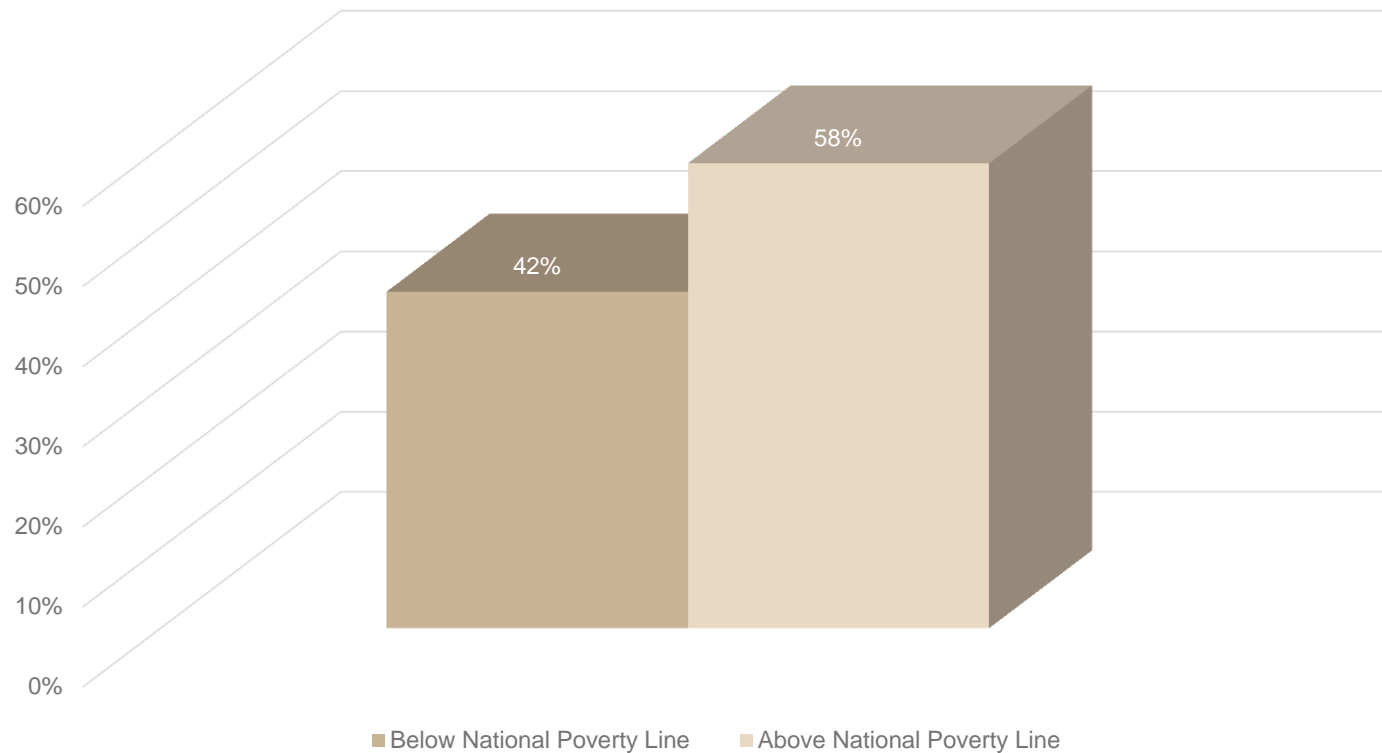




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Types of Clients: Who are the Members?



Graduation

- Targeting Poorer Members
- Pilot Project in Ghana & Sierra Leone
- Micro Loans First
- Building Savings History by Weekly Meetings
- Graduating to Credit Union Membership
- Low Cost
- Marketing Tool



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Savings and Self-Reliance

- *The results of studies on the impact of savings are more consistently positive than those for credit, although there are fewer of these studies. Savings help households manage cash flow spikes and smooth consumption, as well as build working capital. (CGAP Focus Note 92)*





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