



TELEPHONE NO. 433511

P.O. Box 90401  
MOMBASA

**TORCH CO-OPERATIVE SAVINGS & CREDIT SOCIETY LTD.**


# **TORCH SACCO SOCIETY LTD**

## **STRATEGIC PLAN 2019 - 2023**

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## **EXECUTIVE SUMMARY**

TORCH SACCO has registered substantial growth since its establishment in 1966 when it had a membership of 46 and deposits of Ksh 19,000 to a membership of 249 and deposits of approximately Ksh 160.7 Million by the year 2017. This growth in membership, deposits and other parameters brings with it challenges that must be dealt with in order for the SACCO to continue providing quality service to the members. In addition, the changes in the SACCO's operating environment required clear policies and strategic direction. The development of a strategic plan thus became necessary to enable Torch SACCO to deal effectively with the emerging challenges in the business environment. Having re-examined its mandate and core functions, the SACCO has developed its vision and mission statements, and the core values which will propel it to the future. A situation analysis identified strengths, weaknesses, opportunities and threats of the SACCO which together with an evaluation of past performance formed the basis for the identification of the strategic issues and objectives for the next five years.

### **The strategic issues identified are:**

- i. Marketing and development of new products
- ii. Operational efficiency
- iii. Information communication technology
- iv. Financial sustainability
- v. Human resources Management
- vi. Performance Management

### **The SACCO plans to tackle these issues by:**

- Streamlining and strengthening marketing of the SACCO and its products/services;
- Increasing the use of information technology in its operations and;
- Enhancing performance management system.

To help ensure successful implementation of the strategic plan a monitoring and evaluation (M&E) framework will be followed. The executive committee will be responsible for M&E.





## CHAPTER ONE

### INTRODUCTION

This document outlines the Torch SACCO five year Strategic Plan for the period starting in the year 2019 and ending on year 2023. The strategy was developed by the Torch SACCO board, staff and sub-committee. The plan takes into account the SACCO's goals for the planning period with consideration of the external and internal environment realities (present and future).

#### 1.1 ORGANIZATIONAL BACKGROUND

Torch Co-operative Savings and Credit Society (Torch SACCO) was started in 1966 with the objective of providing a mechanism for East African Oil Refineries employees to save and borrow at low cost in order to meet the employees' socio-economic needs. Torch SACCO membership has grown from 46 members in 1966 to 249 in 2017. In the same period, members' deposits have grown from Ksh 19,000 Ksh 160.7 Million in 2017.

The SACCO derives its mandate from the Co-operative Societies Act 2004 and its By-laws. The affairs of the SACCO are directed by the Board of Directors as provided for in the By-laws and overseen by the Supervisory Committee (SC) with both reporting to the AGM. The Board of Directors has the following sub committees: The Executive, Credit, and other ad hoc sub committees.

In line with its objectives, the SACCO offers six different types of loans, namely: Development loan, emergency loan, special emergency loan, education loan, mid- month loan facility. In addition, the SACCO offers MPESA, to its members. As part of continuing enhancement of its operations, the SACCO procured an accounting and management information system (Leash™). The SACCO continues to embrace new technologies, processes, products and services that will ensure efficient and effective service provision.

#### 1.2 RATIONALE FOR STRATEGIC PLANNING

The process of strategic planning is aimed at identifying and selecting the most appropriate ways (strategies) of utilizing an organization's resources to achieve specified objectives, while taking into account the external environment in which the organization operates. Through developing,



communicating and implementing an effective strategic plan, Torch SACCO will benefit in a number of ways.

First is the benefit derived from increased organizational effectiveness resulting from clear direction provided for Torch Sacco through the setting of objectives in the strategic plan. Recognizing these objectives, the stakeholders can more effectively utilize the Torch SACCO's resources and services.

A second benefit of strategic planning is improved stakeholders' motivation. Communicating the strategic plan will stimulate positive response from the various stakeholders of the Torch SACCO, as they will feel that they are a part of a team that is focused on specific purposes and goals.

Thirdly, strategic planning also provides a framework for evaluating alternative strategies. This prepares an organization for the future, hence a focus that integrates both the short term and long term plans. Since the planning process includes discussions touching on all functional areas, the deliberations provide the planning team with a clear understanding of Torch SACCO operations. The planning process also provides the functional managers with an opportunity to broaden their viewpoint and grow with the organization. Involvement of employees and members enhance commitment and positive attitude towards the Torch SACCO operations. Further, members also get an opportunity to interact and contribute in identifying the direction and manner in which their resources are utilized.

In the recent past, the business environment has been quite dynamic and challenging, and characterized by amongst other things, stiff competition and reduced growth in membership. The various aspects of the environment have significant impact on the Torch SACCO's performance. As a way of addressing these challenges, the Torch SACCO's management has realized the importance of strategic management, hence the consideration to formulate a strategic plan as a critical input for mapping its way forward. This strategic plan will enable the society to clearly conceptualize and understand its vision, mission and objectives as well as formulate appropriate strategic courses of action to realize these objectives.

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## CHAPTER TWO

### INSTITUTIONAL REVIEW

This chapter covers a brief overview of the sacco, core functions, vision, mission and core values.

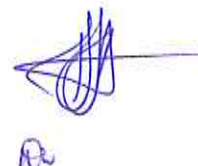
#### 2.1 MANDATE OF AND CORE VALUES

Torch Sacco derives its mandate from the Co-operative Societies Act, 2004 and the SACCO By-laws. The SACCO was formed to promote the economic and social interests of members, in accordance with the co-operative principles, which are:

- Voluntary and open membership;
- Democratic member control;
- Economic participation by members;
- Autonomy and independence;
- Education, training and information;
- Co-operation among co-operatives; and
- Concern for community in general

The SACCO is mandated to:

- Encourage thrift among its members by affording them an opportunity for accumulating their savings;
- Create a source of funds at a fair and reasonable rate of interest;
- Provide an opportunity for each of its members to improve the members respective economic and social conditions;
- Provide members with credit for purposes of provident or production or both;
- Offer to the member's complementary savings and credit services and other financial products as may be required by the members from time to time;
- Ensure safety and soundness of the member's funds through a risk management programme or appropriate insurance coverage;
- Ensure the progress of its members by educating them continuously on the proper use of credit; and

  
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- Perform the functions and exercise the powers designated for savings and credit cooperative societies under the applicable law for the benefit of the members.

## 2.2 Vision Statement

To be the leading and preferred SACCO in the provision of financial services in East Africa

## 2.3 Mission Statement

To delight our customers by efficiently providing quality and timely financial products as well as services through optimal mobilization of resources.

## 2.4 CORE VALUES

Torch SACCO in its endeavour to realise the vision and mission upholds the following core values:

### 2.4.1 Team Team

The success of the SACCO in pursuit of its mission will be ensured by close collaboration among its members, BOD, SC and the staff. This will enhance the quality of services to its stakeholders. Torch SACCO also encourages respect for diversity among its members, committees and employees.

### 2.4.2 Accountability

The SACCO is accountable to its members, the government and other stakeholders. It ensures that the culture of accountability is embodied in its internal stakeholders both individually and collectively.

### 2.4.3 Customer focus

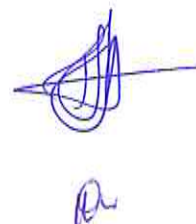
In developing its products/services as well as in the provision of its services, the SACCO ensures that these are customer-driven so as to satisfy diverse members and their changing needs.

### 2.4.4 Transparency

The SACCO endeavours to ensure transparency at all times when dealing with its stakeholders. The internal stakeholders are also expected to be sincere and transparent in their dealings with the SACCO.

### 2.4.5 Professionalism

The SACCO adheres to impeccable and beyond reproach professional and personal standards in the conduct of its affairs. The society offers its services effectively and efficiently to all members.



#### 2.4.6 Integrity

The SACCO upholds a high degree of honesty and integrity in serving its members and other stakeholders.

#### 2.4.7 Commitment

The CMC and the staff must be committed to do their best at all times, in the provision of services to the members and other stakeholders.

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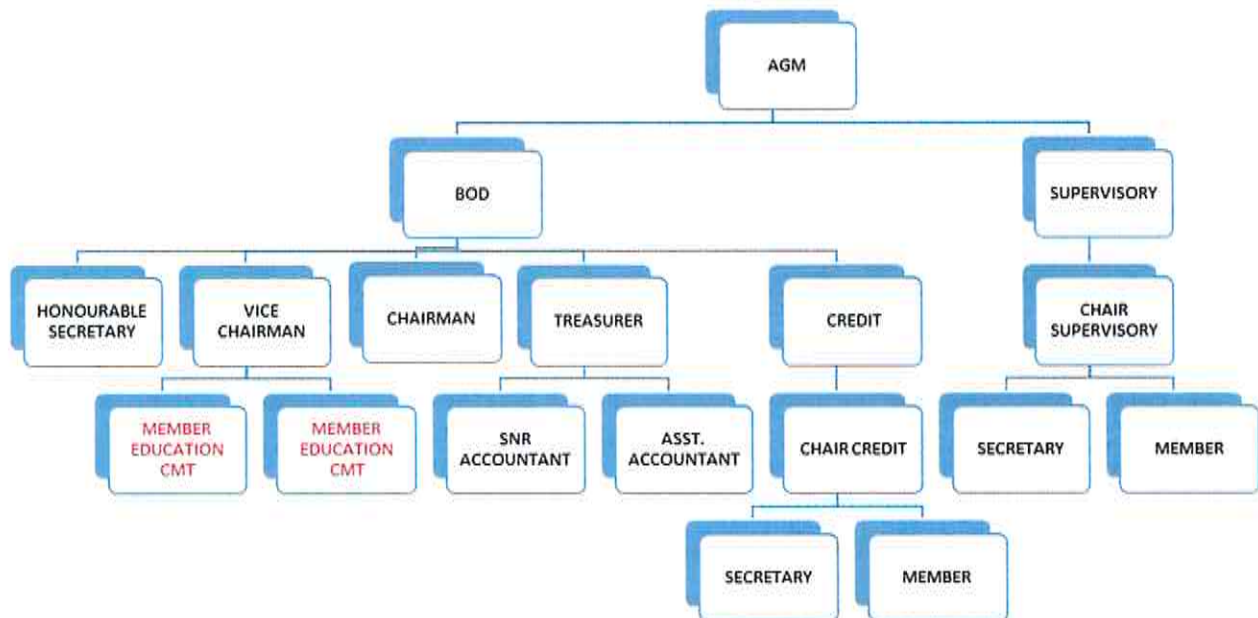
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## 2.5 CURRENT ORGANIZATIONAL STRUCTURE

The current organizational structure is as depicted below



### NOTE

The current number of BOD members excludes the two education committee members due to budgetary constraints.

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## CHAPTER THREE

### CURRENT STRATEGIC POSITION

#### 3.1 INTRODUCTION

A review of the implementation of Torch Sacco Strategic Plan 2014 – 2018 is the starting point of our assessment of the current strategic position of the Sacco.

The current strategic position has been analyzed through review of:-

- 1) A review of the Sacco's performance during the implementation period.
- 2) An analysis of the Sacco's Strengths Weaknesses, Opportunities and Threats.
- 3) An analysis of the current operating environment and recent technological advances.

#### 3.2 EVALUATION OF PAST PERFORMANCE - 2014 – 2017

A review of the Sacco's past performance was undertaken in order to gauge the achievement of the Sacco's strategic objectives as set in the strategic plan 2014 -2018 against actual performance. The evaluation of past performance against key performance indicators (KPI's) was made on the following key strategic objectives.

- 1) Financial Performance
- 2) Operational Efficiency
- 3) Product Development
- 4) Credit Administration.

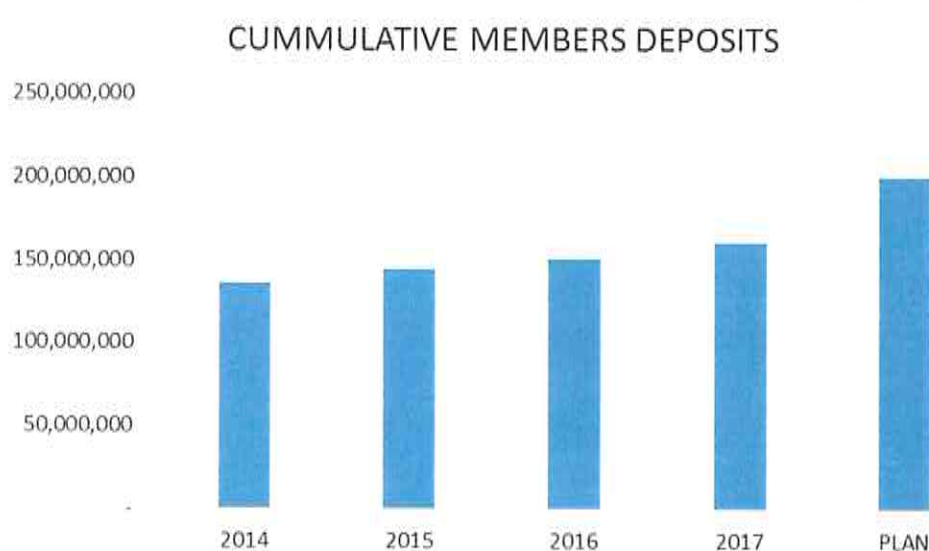
##### 3.2.1 Financial Performance.

Trend analysis was performed to establish the extent of achievement of Sacco's objectives against actual performance on key financial indicators.

### 3.2.2 Members Deposit

This is the total amount contributed to the Sacco member's deposits at the end of each financial year as per Table 1.

YEAR	2014	2015	2016	2017	PLAN
CUMMULATIVE MEMBERS DEPOSITS	136,004,823	144,319,567	150,533,263	160,706,186	200,000,000
GROWTH %	-12%	6%	4%	6%	20%



Member's deposits have grown at an average rate of 5% p.a over the past three years. Actual deposits during the financial year ending 31<sup>st</sup> December 2017 was Kes 160.7 Million against planned deposit Kes 200 Million which was 20% below plan.

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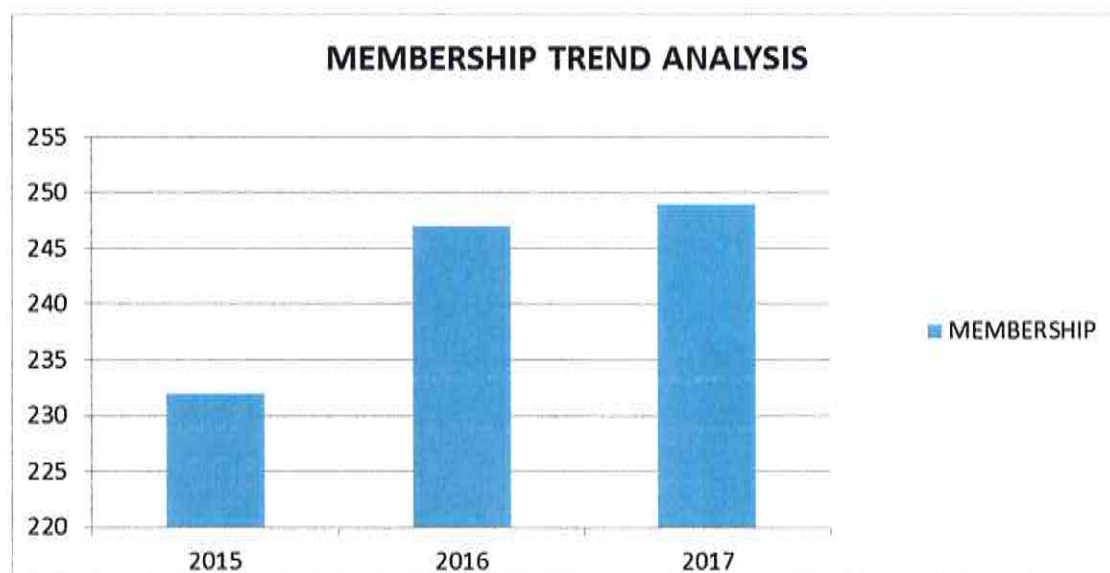


### 3.2.3 Membership Analysis

A review of the membership numbers as at end of the financial years is as per Table 2.

#### MEMBERSHIP TRENDS

YEAR	2015	2016	2017	PLAN
MEMBERSHIP	232	247	249	500
% Growth in Membership	2%	6%	1%	50%



The growth in membership numbers has been low over the past four years with the exception of year 2016 which had growth rate of 6% p.a. Actual membership numbers for 2017 was 249 against a planned membership growth of 500 by the year 2015, which was 50% below plan.

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### 3.2.4 Members Loans

Outstanding loans at the end of each financial year is as per table 3 below.

YEAR	2014	2015	2016	2017
Outstanding Loan	145,206,387	157,071,002	162,052,353	171,251,705
GROWTH %	-10%	8%	3%	5%

Average growth of loans to members was 5% p.a. This has been attributed to the lack of salary increments for the past three year to employees of KPRL who form the bulk of the Sacco's membership.

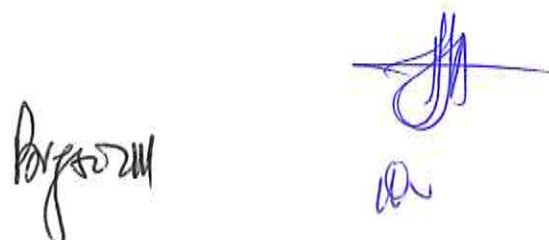
### 3.2.5 Interest on member's deposits

Table 3 indicates that interest on member deposits has grown at an average of 11% p.a over the past three years while income has grown at an average of 5% p.a. This means that payment of interest on members deposits is not directly related to growth in income.

YEAR	2014	2015	2016	2017
<b>INCOME</b>	22,379,746	24,335,679	23,526,139	25,923,695
GROWTH %		8%	-3%	9%
<b>INTEREST ON MEMBERS DEPOSITS</b>	16,900,000	17,936,078	15,957,800	19,290,000
GROWTH %		6%	-12%	17%
<b>RATE OF INTEREST ON MEMBERS DEPOSIT</b>	12.40%	12.40%	10.60%	12%
GROWTH %		0%	-17%	12%

### 3.2.6 Income Expenditure Analysis

Torch Sacco's major income arises from interest charged on loans, refinancing penalties and other incomes arising from commissions on Mpesa services and products sold to members from suppliers. In order to increase the interest paid on members deposits the Sacco must find ways to increase its income and keep costs as a percentage of the total income earned low. As per table the expenditure as a percentage of the income was highest at 31% in year 2016. This increase was as a result of expenditure incurred celebrating 50 Years. The board should maintain the expenditure at below 25% of the total income earned.



YEAR	2015	2016	2017
TOTAL INCOME	24,335,678.65	23,526,138.60	25,923,695.35
TOTAL EXPENDITURE	5,915,169.25	7,310,639.85	6,347,676.50
EXPENDITURE AS A % OF INCOME	24%	31%	24%

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### 3.3 Internal Analysis through an assessment of the Sacco's Strengths, Weaknesses, Opportunities and Threats.

An organization goes through transitions in its lifetime. As it goes through the transitions it is important for the organization to continuously assess itself so that it can remain viable and competitive. A SWOT analysis helps the organization identify key factors that may impact the its earning or even its very existence. A review of the Torch Sacco's financials, its sources of income, its major customers and the operating environment has revealed the following:-

#### 3.3.1 Strengths

These are the resources or capabilities that will help the sacco in achieving its goals and objectives.

- 1) Competent and committed staff
- 2) The membership of the Sacco is well informed and ensures that the sacco is well managed.
- 3) Robust and efficient web based ICT systems which is capable of managing all process from loan application, guarantorship, approval and payment processing.
- 4) Timely processing and disbursement of loans. The KPI for loan processing and disbursement is one day.
- 5) Small size of the Sacco allows the members to fully manage the sacco through a competent board of directors.
- 6) Financially stable with assets mainly held in liquid form.
- 7) The Sacco offers competitive interest rates on all its loan products.

#### 3.3.2 Weaknesses

- 1) Offices of the Sacco are located within KPRL facility and therefore cannot be assessed easily by other Sacco members.
- 2) Lack of clear and documented marketing strategies of the Sacco and its products.
- 3) Low savings as sacco members are net borrowers and not savers.
- 4) Reduced levels of trust among the members making loan guarantorship difficult.
- 5) Inadequate performance monitoring systems capable of measuring actual performance against set goal and KPI's and also through bench marking.
- 6) Lack of products and incentives that can be offered to members with high levels of savings.



### 3.3.3 Opportunities

- 1) The existence of a potential market that has not been fully exploited in terms of:-
  - Sacco members spouses and children
  - Employees of contractor's working for KPRL and KPC.
  - Other potential members after the opening of the common bond

The above can only be realized through the formulation of clear marketing strategies targeting the specific groups.

- 2) Creation of new products that will appeal to retirees, and high depositors.
- 3) The Sacco can take advantage of the advanced ICT system to provide salary processing services to contractor's staff at a fee.
- 4) Embracing partnerships with suppliers of goods to offer goods to Sacco members at discounted prices e,g mobile phones and laptops through guaranteeing payments by the Sacco members where supplier can allow credit facility.

### 3.3.4 Threats

- 1) Change of government policies and legal framework that may negatively impact on the Sacco operations or its members
- 2) Cyber-attacks on the main operating ICT platform or its breakdown.
- 3) Takeover of KPRL by KPC that may result in redundancies of KPRL employees who are also members.
- 4) Panic withdrawal by members with high deposits which may cripple the operations of the Sacco.
- 5) Competition from other Sacco's, MFI's and banks over the same clientele.
- 6) Pension fund restrictions and lack of agreements with employers on how to have a charge on employee benefits when they resign or are sacked by their employers.

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### 3.4 EXTERNAL ENVIRONMENT ANALYSIS

#### 3.4.1 Legal and Political Environment

With the expansion of Kenya's financial system over the last two decades the SACCOs sector has also developed significantly. With increased complexity and the sheer size of institutions, the risks have also necessarily changed.

SASRA a statutory state corporation established under the Sacco societies Act cap 490B of the laws of Kenya in 2010 seeks to regulate provide prudential oversight to deposit taking Sacco societies in Kenya. There are proposed changes in the Cooperative Societies Act and Sacco Societies Act as contained in the Miscellaneous Amendment bill 2018 of which some sections have been opposed by the Cooperative Alliance of Kenya.

The handshake between President Uhuru Kenyatta and Opposition Chief Raila Odinga has brought political stability thereby reducing political risk after the contested 2017 general election. Other pressing challenges include corruption, high unemployment, crime and poverty. Drought followed by heavy rains resulting into flooding results into loss of life and livelihoods.

#### 3.4.2 Economy.

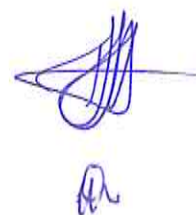
Kenya has recently come under intense pressure to tighten its "fiscal belt" following concerns on the country's debt sustainability. The country's increasing fiscal deficits in recent years have increased public debt therefore denying businesses and individuals required capital as banks lend to the government.

#### 3.4.3 Exchange Rate

The Kenya Shilling strengthened against the US Dollar (USD) on the back of USD weaknesses globally and the successful Eurobond issue that shored up foreign reserves.

#### 3.4.4 Inflation

Headline inflation remained within the lower end of the CBK bank (2.5% to 7.5%).





#### 3.4.5 Outlook:

Despite concerns on debt sustainability the country's economic growth is poised to rebound in 2018. The IMPF projects Gross Domestic Product (GDP) to rebound to 5.5% in 2018. Economic activity will be supported by infrastructure spending by the government and policy reforms to spur growth in credit to private sector. The reduction in fiscal deficit will be achieved through aggressive revenue collection and controlled spending. Kenya is also undertaking development projects through Public Private Partnerships (PPP) thus easing pressure on the government finances.

#### 3.4.6 Technology

Technology is changing every day and has changed the way data is created, captured, analyzed, and stored. Technological advances has made it possible for member's to apply and guarantee loans anywhere anytime and receive payment through either the banks payment platforms or Mpesa.

Thanks to the increased use of smartphones and other software development tools in Africa, we are already seeing the emergence of innovative digital platforms that offer users and potential clients better information and transparency where important data is concerned.

We are also seeing various breakthrough technologies that are set to spur significant growth and transformation. These include Internet of Things (IoT), Telematics, Digital platforms, Block chain Technology, Artificial Intelligence and cloud computing. We are also seeing the rise of different social media platforms such as Facebook, Whatsapp, Twitter, and Linked which are used by organizations for marketing and visibility.

It is with this end that we encourage the management to look at how it can leverage technology to not only enhance service delivery but also use relevant social media platforms to market the Sacco and also as a tool for disseminating information to members. The management should also look on the use of cloud computing to ensure that our data is stored remote servers hosted in the internet. It should be noted that data stored in the cloud is easy to store, manage and process as compared to data stored in local servers.



## CHAPTER FOUR

### STRATEGIC ISSUES AND OBJECTIVES

#### 4.1 STRATEGIC ISSUES

These are the key areas that the society will focus on in order to ensure quality service delivery and sustainable growth. The key areas of focus in this strategic plan are based on.

- 1) Financial sustainability.
- 2) Operational Efficiency and Technology
- 3) New Products Development and Marketing

##### 4.1.1 Financial Sustainability

Broadly speaking financial sustainability entails the board's ability to maintain the society over the long term as a going concern entity. The fundamental pillars of financial sustainability are

- 1) Strategic and financial planning
- 2) Income diversification
- 3) Sound administration and financial reporting

##### 4.1.2 Strategic and financial planning

As the organization grows and takes on an increasing number of activities, it runs the risk of focusing on day to day management issues and losing sight of long range objectives. Strategic planning is the mechanism to help clarify an organization's mission and objectives as well as prioritize the actions needed to accomplish them while a financial plan of action basically consists of projected expenditures and the organization's potential to generate the income to cover those expenditures. The ultimate purpose of the financial plan is to determine if the organization is going to have sufficient resources available in the medium term to meet the objectives described in the strategic plan.



The financial plan operates on the basis of scenarios, ranging from the minimum feasible to the ideal. The minimum feasible scenario quantifies priorities that are indispensable to fulfilling the mission within a specific time frame, and whether the organization can cover its fixed or operational costs during that period. These indispensable priorities and fixed operational costs represent the minimum income goal.

#### 4.1.3 Income diversification

The second pillar of financial sustainability is income diversification, referring not only to internal income generation, but also to the number of income sources that provide our major income lines. Even if an organization has twenty income lines, it will remain extremely vulnerable if a large portion of the budget depends on only one of them. Any change in the market or legal dynamics that affect the income line can induce a major crisis. To be safe at least 60% of the organization's overall budget must come from three different sources.

The major income line for the Sacco is derived from interest charged on loans and a major component of the income is derived from 10% penalties charged on refinancing of loans. Any changes in legislation or motion passed by members to reduce or limit the penalty may result in a severe drop in income.

#### 4.1.4 Sound administration and financial reporting

Efficient procedures for administration and finances are governed by a series of internal policies that help us make the most of our resources and ensure transparency in fiscal management. Moreover, these procedures must enable us to anticipate the organization's financial standing and, ultimately, make appropriate decisions in a timely manner. Efficient procedures also allow us to generate income through prudent financial management of available assets. Accounting-administrative procedures must fit the organization's needs. Regardless of their scope and structure, these procedures must record the organization's transactions to enable us to visualize the organization as a whole.

#### 4.1.5 Operational Efficiency and Technology

Operational efficiency encompasses several strategies and techniques used to accomplish the basic goal of delivering quality services to the members in the most cost-effective and timely manner.

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The SACCO has adopted the use of Information Communication Technology (ICT) in its operations and communication with its members. The implementation and use of a new internet based, accounting and management information system, *Ispato leash* has enabled members to make loan application and guarantee each other without visiting the office. However, there are challenges emerging from the system which need to be addressed so as to ensure improved services and up-to-date information to members including provision of the sacco's quarterly financial information. The SACCO also needs to explore new ways of utilizing ICT in order to enhance service delivery, reduce costs and attract more members. Efficient and effective use of ICT requires coordinated implementation of ICT policy. To this end, the SACCO needs to develop an ICT policy that will guide the acquisition, use and disposal of ICT hardware and software.

#### 4.1.6 New Products Development and Marketing

To retain and attract new members the Sacco needs to continuously develop new products that will address the needs of the different classes of members. The opening of the common bond has given an opportunity for the Sacco to increase the number of members.

The development of a marketing plan will ensure that the marketing objectives are aligned with the business goals and strategy. The plan will also formalize and document the ideas and concepts that will be used to target a specific type of members who will not only increase the number of Sacco members but will also pose the least risk of loan default.



## 4.2 Strategic Objectives

The second strategic plan for 2019 - 2023 is aimed at ensuring sustainable development of the Sacco whilst taking into account the prevailing uncertainty affecting the members. The objectives set out in this plan are aimed at ensuring that our members access loan services in a timely manner while enjoying good returns on their deposits.

The strategic objectives for the Sacco for the next five years are.

1. Grow and retain membership from the current 250 to 500 by the year 2023.
2. Develop and implement a marketing plan by the end of year 2019.
3. Improve efficiency of our operations by continuously upgrading our ICT systems.
4. Enhance collection of delinquent loans by creating procedures for management of defaulter loans.
5. Increase returns on member's deposits to 15% of the total deposits by the year 2023.
6. Maintain total cost to income ratio below 25% over the planning period.



## CHAPTER FIVE

### IMPLEMENTATION PLAN

This chapter represents the implementation matrix, which covers the strategic objectives, the strategies, proposed activities, expected output, output indicators, responsibility, timelines and expected outcome of the strategy.

#### Objective 1: Grow and retain membership from the current 250 to approximately 350 by the year 2023.

Strategy	Activity	Expected Output	Output Indicators	Responsibility	Timeline	Expected outcome of strategy
Retention of members	Review and develop products/services to cater for the existing diverse membership	Increased member retention	Increased number of financial and non - financial products	Credit committee	Immediate and continuous	100% Retention
	Train staff on customer care	Improved Customer service	No of customers complaints	BOD	Immediate and continuous	
Attract new members	Conduct member recruitment drive in line with the marketing plan	New Members	No. of recruitment drives	Marketing consultant / Vice chair	Quarterly	Increase number of members by 500
			No of new members			







**Objective 2: Develop and implement marketing plan.**

Strategy	Activity	Expected Output	Output Indicators	Responsibility	Timeline	Expected outcome of strategy
Formalize and strengthen marketing of the sacco and its products	Engage a marketing consultant	A competent consultant is engaged Develop Terms of reference for consultant	Consultant engaged	Vice Chair	June 2019	Increased no. of members. Increased awareness of sacco products
	Formulate a marketing policy	A comprehensive marketing policy developed	Policy document in place	Vice Chair/Marketing consultant	August 2019	Cost effective publicity
	Develop a comprehensive marketing plan	Marketing plan document developed	Plan in place	Vice Chair	Dec 2019	
	Undertake intensive marketing	Focused marketing adverts publicity programs/participati on in exhibitions & shows/Visits to companies	No. of adverts and publicity programs. No of visits	Marketing consultant	Continuous	




**Objective 3: Improve efficiency of our operations by continuously upgrading our ICT systems**

Strategy	Activity	Expected Output	Output Indicators	Responsibility	Timeline	Expected outcome of strategy
Enhance the use of our ICT system (Ispato Leash) in sacco operations and internet based platforms for marketing and publicity	Develop ICT policy	A comprehensive ICT policy developed and	Policy document in place	Treasurer	April 2019	All sacco processes conducted through ICT systems.
	Undertake ICT needs assessment	Identify ICT infrastructure gaps including data storage	Software & hardware acquired.	Treasurer	Based on needs assessment & policy	Back up and storage of data in the cloud
		staff and member training	Training of users			
	-Regular update of sacco website with current information. -Open social media accounts facebook and Instagram -Develop and display customer charter	Updated Website Social media accounts opened and updated	No. of hits/visits of the sacco website No. of likes and comments on social media pages	Treasurer	Continuous	Increased visibility of the sacco and its services. Increased number of members.

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**7. Objective 4: Enhance collection of delinquent loans.**

Strategy	Activity	Expected Output	Output Indicators	Responsibility	Timeline	Expected outcome of strategy
Enhance loan recovery	Engage debt collector and lawyer	Debt collectors and sacco lawyers	contracts in place	Credit committee	Immediate	Increased delinquent loan recovery strategies. Amounts recovered
	Establish check off recovery with members organization	Reduced loan default rate	Level of monthly recoveries	Credit committee	Monthly	
	Education to members on loan payment and costs in case of default	Increased awareness of members on the cost of default	No. of times default messages are passed	Credit committee	Immediate	

*Bygones*

*[Signature]*

*2*



## **CHAPTER SIX**

### **MONITORING AND EVALUATION**

This chapter presents the monitoring and evaluation framework of the implementation of the strategic plan, the key performance indicators and financial projections.

#### **6.1 OBJECTIVES OF MONITORING AND EVALUATION**

Monitoring and evaluation (M&E) is a critical component geared towards ensuring that the various strategies are implemented. Monitoring is an ongoing process of data collection that allows managers in an organization to examine positive and negative trends and adjust their strategies accordingly. It focuses on measuring all aspects of an organisations' strategy implementation: inputs, processes (systems and procedures), outputs and impact/consequences.

Evaluation is the process of assessing the value of an activity, project or programme. Evaluation helps programme participants to answer the critical question "what is the value of this activity". Identification of strategic issues and subsequently defining appropriate objectives, strategies and action plans cannot ensure success. To succeed the strategic plan must be carefully executed. Successful implementation of the plan requires putting in place an adequate M&E framework right at the onset.

#### **6.2 MONITORING AND EVALUATION FRAMEWORK**

The following M&E framework will be put in place by Torch SACCO in order to ensure successful implementation of the strategic plan: -

1. The executive committee will oversee successful implementation of the strategic plan.
2. The executive committee will be reporting regularly (preferably quarterly) to the CMC on the progress of the strategic plan implementation.
3. All heads of departments will hold regular meetings (preferably monthly) chaired by the Senior Accountant, to review the status of the strategic plan implementation as it relates to their respective departments.
4. The key performance indicators shown in section 7.3 and the activities, timelines and output indicators in the implementation plan will provide basis for performance evaluation and reporting.
5. The Senior Accountant and committees will breakdown the key performance indicators in section 5 and activities in the implementation plan into monthly and quarterly targets for effective and efficient monitoring and evaluation.
6. Progress reporting on the strategic plan implementation by the Executive committee will be on quarterly basis and monthly for committees. The reporting will address activities falling due within the quarter/month.



**STRATEGIC PLAN REVIEW COMMITTEE MEMBERS**

NAME	SIGNATURE	DATE
Bryson H. Mwasigwa		20/3/2019
Mildred I. Vihenda		20/3/2019
Charles B. Toye		20/03/2019

**APPROVED BY MEMBERS AND RECEIVED BY:**

NAME	POSITION	SIGNATURE	DATE
Wilson W. Wawire	Chairman		20/03/2019
Diana N. Nthiwa	Hon. Secretary		20/3/19
Albrian M. Maundu	Treasurer		20/3/19