

A Study to Establish Effects of Covid-19 Pandemic on SACCOs.



The Kenya Cooperative Coronavirus Response Committee (CCRC) has commissioned a study to determine the full effects of Covid-19 on the financial sector. The move comes at a time when cases of loan default, mainly among youth groups, have increased in Kenya due to losses incurred as a result of the pandemic.

According to Eng. Francis Kamande, the CCRC Chair, the survey is expected to be completed by the end of the year 2020. He said the commissioned study will aid the cooperative movement in establishing the cumulative impact, to enable them come up with recommendations and appropriate mitigation measures. **Read more.**

He, however, admitted that Savings and Credit Cooperatives (SACCOs) members, who had borrowed money before Covid-19 period, were struggling to service their loans. He appealed to the financial institutions, including the Saccos, to listen to the defaulting groups on a “case-to-case” basis and come up with a structured repayment process. Eng. Kamande said the sector was not keen on subjecting defaulters to auctions, admitting that Saccos had been hit hard by the ripple effect of the virus.

He termed the cooperative sector as a key driver in Kenya’s economy but continues to experience the shock waves of the pandemic. Kenya’s Saccos have an asset base of over KES 1 trillion, mobilized savings and deposits in excess of Sh732 billion and a loan portfolio of Sh700 billion. Peter Owira from the Sacco Societies Regulatory Authority (Sasra) supervision department acknowledged that majority of Sacco members with loans were facing monumental challenges. Owira maintained that despite the current challenges in the Saccos, the liquidity was still good. Some of the Saccos, he pointed out, were facing challenges especially those in the aviation sector, hotel, industry and transport sector largely affected by the lockdown. He disclosed that they are offering advisories to the Saccos in terms of remaining resilient, adding that co-operatives were duty-bound to take action to reduce the

risk. He reminded management of Saccos on the need to remain proactive, respond to the emerging dynamics and position the cooperative business model as the best alternative in circumstances that would help households and businesses survive and thrive.

CCRC is an initiative of the cooperative sector established by State Department of Cooperative and founded on the C-operatives' 5th Principle of Education, Information and Training.