

UNITED NATIONS CAPITAL DEVELOPMENT FUND

Myanmar



New Approach Building Sustainable Savings and Credit Co-operatives in Myanmar

GUIDELINES FOR DEVELOPING SUCCESSFUL, STRONG AND VIABLE SAVINGS & CREDIT
CO-OPERATIVES AS PART OF GREENFIELDING OPERATIONS IN MYANMAR

Association of Asian Confederation of Credit Unions (ACCU)

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1.0 WHAT IS A CO-OPERATIVE?

A co-operative is a democratic form of business organised, owned and controlled by its members; with all members having an equal say in how the organisation is run to promote their mutual economic interests.

1.1 Main Objective of Forming a Co-operative

The main objective for people to set up or join a co-operative is to improve their financial and social status - through joint action - for the good of all members. However, every savings and credit co-operative must accomplish its goals in a business-like manner to become profitable, grow and be sustainable.

1.2 Characteristics of Co-operatives

Co-operatives all over the world share characteristics that include:

- Members coming together because of common interests
- Members pursuing the goal of improving their economic and social situation through joint action
- Members use a jointly-owned and operated enterprise to provide stakeholders with goods and services

1.3 The Co-operative Identity

Co-operatives are distinct from other forms of business because their universal identity is based on several **principles** and **values**.

a) 1.3.1 The Seven Co-operative Principles

1. **Open and voluntary membership:** Membership is open to all interested people within a designated area of operations. All persons able to use the services of a co-operative and willing to accept the responsibilities of membership should be allowed to join without any gender, social, racial, political or religious discrimination.
2. **Democratic member control:** One member, one vote within agricultural communities. Meanwhile, co-operatives in other industries are also organised in a democratic manner for decision-making purposes; with all men and women serving as elected representatives accountable to the membership.
3. **Member economic participation / patronage:** Members democratically control and contribute equally to the capital of their co-operative. Members receive limited compensation *if any* on capital subscribed as a condition of membership, and interest on their saving deposits. Members allocate the operating surplus realised by their co-operative to each of the following: developing the co-operative; setting up reserves (part of which is indivisible); and supporting other

activities as approved by the membership.

4. **Autonomy and independence:** Co-operatives are autonomous, self-help institutions controlled by their members. If they enter into agreements with other organisations (including governments), or raise capital from external sources, they do so on terms and conditions to ensure co-operative autonomy is maintained along with democratic control by members.
5. **Education, training, information & development to promote members' education and awareness:** A co-operative provides education and training for its members, elected representatives, employees and managers so each person contributes effectively toward growth and development. Co-operatives also inform the general public, especially opinion leaders and young people, about the nature and benefits of mutual support through co-operation.
6. **Co-operation among co-operatives:** Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.
7. **Concern for community development:** Co-operatives work for the sustainable development of local communities through policies approved by their members.



1.3.2 Core Values

Co-operatives are based on the values of self- help, mutual support, self-responsibility, democracy, equality, equity and solidarity.

1.4 Types of Co-operatives

There are many types of co-operatives, including marketing, consumer, producer, financial, housing, service and workers' co-operatives. This project however, is about saving and credit co-operatives (SCCs).

Financial co-operatives include savings and credit co-operatives, as well as co-operative village banks, co-operative insurance societies, co-operative banks, etc. They all provide financial services.

Marketing co-operatives facilitate the sale of farmers' produce such as coffee, maize, beans, matooke, livestock, etc. Members sell their produce through their co-operative and benefit from economies of scale. In so doing they get a better price for their produce.

Consumer co-operatives provide goods and services to their members at competitive prices.

Producer co-operatives have their members working together to produce or manufacture a product; and may also conduct sales and marketing operations.

Service co-operatives provide specialist services such as housing, healthcare, funerals, day care, water, power and energy, and many others. Usually people prefer to obtain services from such co-operatives, as they benefit from lower prices, better quality, or improvements to existing services found to be inadequate. There is no limit to the types of services provided by such a co-operative structure.

Workers co-operatives are co-operatives owned by the people who work for the same organisation. These co-operatives are relatively new globally and are gaining popularity as they have proven to be quite successful.

From the above examples, one can appreciate why the co-operative model is often called “**one solution to numerous problems**”. It is this characteristic with its flexibility that makes co-operatives a very strong and dynamic tool for empowering members and their communities.

1.5 Sustainability test

If a co-operative is to be successful and sustainable, it must pass the 4 basic criteria test:

- It has to be **member-owned**
- It has to be **member-used**
- It has to be **member-controlled**
- It must **benefit members**

1.6 Why form Co-operatives?

Forming a co-operative is one way a group of people can work together to solve the problems they face. A co-operative provides positive solutions through:

- Meeting financial needs and providing a myriad of services for individuals, their families and communities.
- Fighting exploitation from powerful individuals and institutions by pooling local resources to address community issues and priorities.
- Fighting unemployment.

1.7 Essential Conditions for the Success of a Co-operative

- The co-operative needs to produce visible and tangible (economic and social) benefits for its members, which should outweigh the costs involved in co-operation.
- The co-operative should have **motivated, experienced and dynamic managers** who are able to plan and implement business policies. They must be able to provide the services and goods required by members, taking into account both the interests and needs of members as well as the entrepreneurial goals of the co-operative.
- The structure and management of the co-operative should correspond to the capabilities of its members.
- Members should participate both as **members and users**. Members share rights and obligations to participate in goal setting, decision-making and controls in evaluating various processes within their co-operative. Members should decide which services are to be provided and what benefits should be delivered by the co-operative. There should be incentives for members to contribute their own resources (**capital, labour, produce, knowledge/expertise, etc.**) toward the co-operative's development.
- A major reason for failure is a lack of full member participation.

1.8 Legal Basis of Co-operatives

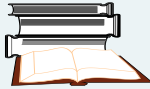
Co-operative societies have a long history in Myanmar. The first co-operative societies were founded by the British colonialists in 1904 using the traditional multi-tiered co-operative model. Under the law of 1970, the co-operatives were closely controlled and monitored by the national Government – along socialist principles. Accompanying the transition to an open-market economic system, a new law was passed in 1992 and the Government reduced its level of control. Still, many Co-operative Department officers feel that co-operatives ‘belong’ to the Department.

Today Myanmar Co-operatives are legal organisations registered and governed under the Co-operative Societies Act 1991, while their operations are governed under the Co-operative Societies Regulation 1998. These laws create the legal framework under which co-operatives operate.

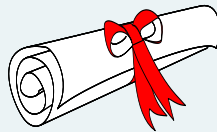
Co-operatives prepare their own By-laws (that fall within legislative provisions) which govern the handling of day-to-day operations. The project has prepared model by-laws, and policies for microfinance, savings, loans, governance and financial management. 8 manuals have been published in the Myanmar language.

Professionalisation and Institutional development of SCCs

Cooperative Act 1991



Regulations 1998



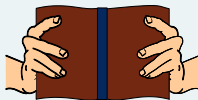
Sound Business Practices



Co-operative & By Laws

Register in Co-operative

Department



Co-operative operational Policies

- Financial
- Organisational
- Human resources
- Planning
- Products and services



2 STEPS IN FORMING A CO-OPERATIVE

2.1 12-Step Approach

There are many ways of forming a co-operative. The following steps are the most common:

- Develop the idea with community / village leaders;
- Conduct a feasibility / viability study of the proposed co-operative. It should cover an area up to 6 miles (10 kilometres); and have 300 prospective members in 3 months with a potential for 1000 members in one year;
- Recruit members and conduct 1st general meeting to approve by-laws;
- Election - Board of Directors (BOD) has 5 to 9 directors (at least 3 female) and the supervisory committee has 3 separate members;
- Select leadership - Chair, Vice Chair, Secretary and Treasurer;
- Prepare registration papers and submit to township co-operative office;
- Develop administrative and operational systems – management, policy and record keeping, plus the business plan for one year;
- Conduct basic training for the board members and supervisory committee;
- Conduct promotional and marketing plans and share with all board members;
- Identify a suitable person to work as fulltime manager;
- Select an office location - suitable for SCC staff managing the co-operative;
- Meetings – Board and supervisory committee evaluates monthly progress.

2.1.1 Step 1. Developing the Idea

Why do you want to start a co-operative?

A co-operative is always the product of local peoples' needs, desires and ideas. The first step in forming a co-operative, therefore, is to get a group of local people together to discuss how a co-operative can resolve their financial problems and other issues.

Consequently, a Consultative Meeting is called during which people will:

- Clearly identify their common needs, desires or problems to be addressed

- Brainstorm possible ways of solving those problems, thereby identifying and analysing specific needs, then generating priorities
- Agree on the best way to implement the identified solutions.

2.1.2 Step 2. Conducting a feasibility study of the proposed co-operative

- Establish the requirements to start and cover operating costs for the proposed co-operative, before it starts earning an income.
- Determine how the running and operating costs of the co-operative will be met
- Find other people who believe in the idea and are willing to join the co-operative if they meet the entry requirements, including payment of share capital and membership fees.
- Determine a geographic area for the proposed co-operative to operate within (preferably a sub-county level).
- Research the operations of other players in the region that deal in similar business products to those being proposed for the new co-operative. Are they successful?
- Consult with the district co-operative office or Township Co-operative Federation Alliance, district branch, for guidance and refinement of the idea.

2.1.3 Step 3. Recruiting members

Once the group promoting the co-operative has completed Step 2 above, it will embark on a member recruiting exercise. The following items are the major activities involved in the recruitment process:

- The people initiating the idea / promoters form a committee to propagate and sell the idea to many other members of the community.
- The committee should have credibility/ trust from the community interested in joining the co-operative (but should not collect their money yet).
- All activities executed should be done on voluntary basis and should be properly documented. For instance, all minutes of preparatory meetings should be written and signed.

Major points that should be explained to potential members (by the committee) include the following:

- The purpose of the co-operative;
- The activities/business of the co-operative - value of shares, savings and loans;
- The common reasons/interests of members in forming a co-operative;

- The expected requirements for someone to become a member of the co-operative;
- The advantages of membership of the co-operative; and
- The roles and powers of members in the proposed co-operative.

The committee mobilises other members of the community and enlists their support in participating in the formation of the co-operative. This exercise may take a period of up to 1 month.

When a fair level of mobilisation has been achieved (at least 40 members from the people who displayed an interest in membership), a public meeting at local and/or regional level is convened to deliberate on the idea of forming a co-operative. The meeting should involve all stakeholders, including local opinion leaders, religious leaders, local institutions, community development agencies, and other types of co-operatives operating in the area.

During the first general meeting, people gathered should be sensitised to the idea and need for a co-operative. Co-operative Officers from the federation, and department staff /leaders in the area, are invited to the meeting to explain technical details associated with forming and operating a co-operative.

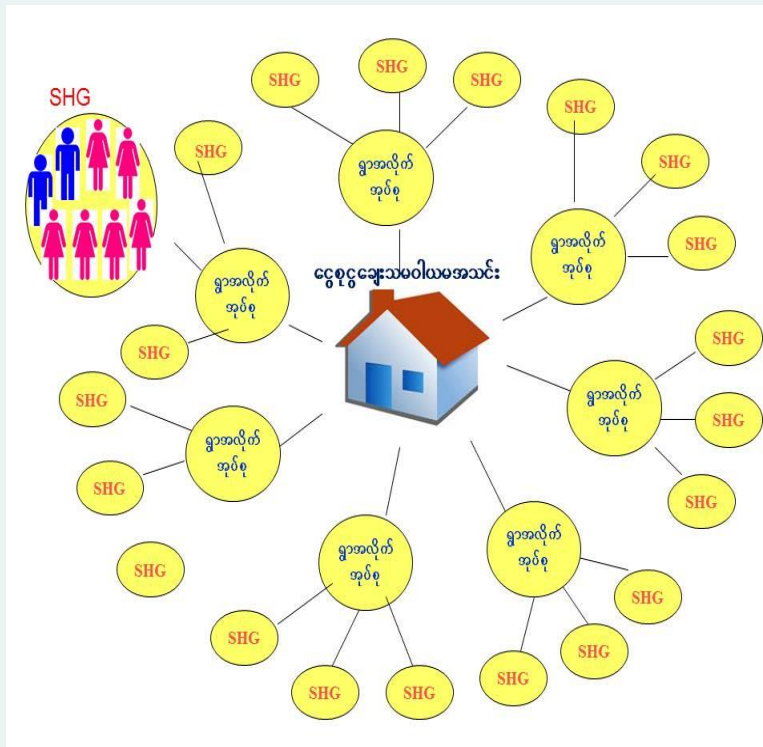
Local leaders, institutions and major community players should be actively involved as a demonstration of their commitment and support. This will help in generating confidence in the establishment of a community owned co-operative.

The committee will now follow up with a program to expand membership for the co-operative; by approaching all people who expressed an interest in becoming members.

By Laws

The committee, with assistance from the project office and co-operative officers, draft by-laws for the new co-operative. The committee may use the model by-laws, prepared by the project for Savings and Credit Co-operatives. In addition, the committee should prepare proposals for the name of the co-operative, the location of its head office, explore possible premises, and get approval from members for the by-laws.

Innovation in the SCC - organisational structure



2.1.4 Steps 4 to 6. Election – Board of Directors and its Duties

Once the committee has mobilised 40 to 50 people as members; their membership fees should cover running costs of the co-operative before it starts to earn operational income.

A meeting of all those listed as potential members should be convened to conduct the following:

- The first BOD is elected with 5 to 7 directors comprised of male and female leaders. The board positions include: Chair, Vice Chair, Secretary, Treasurer and Committee Members with representation from youth and women. The interim committee is responsible for steering the process of forming the co-operative. The 1st BOD Members will hold office until the co-operative's next General Meeting (6-12 months after registration) at which time the members will elect a new and substantive committee. The committee may have 5 – 9 members (for efficiency, effectiveness and cost considerations, a smaller committee is recommended).
- Determine a geographical area for the co-operative's operations; it should be large enough to ensure sustainable membership and have a range of economic activities. The area must also have the

capacity to maintain community cohesiveness and community spirit, in order to safeguard the co-operative's feasibility and viability.

- Decide on a name for the co-operative
- Specify the qualifications for membership and how to become a member
- Decide on membership fees and share capital
- Decide on the location for the co-operative's offices.

Local political leaders should, to the greatest extent possible, avoid being elected to the Interim Committee. They will serve best remaining as advisors - adopting the most important role as community facilitators, mobilising interest and participation.

2.1.5 Steps 7 & 8. Systems and Training

The 1st BOD should start collecting members' contributions (share capital and membership fees) from people interested in joining the co-operative. This is the main source of finance and as such the committee must ensure member contributions cover all running costs for the business. *The community and co-operative development officers should be helpful in this matter.*

With assistance from the ACCU project team, the 1st BOD will receive basic training and open a bank account at the nearest and most convenient bank (or township or federation) to lower the risk associated with keeping the co-operative's money safe.

2.1.6 Steps 9 to 11. Membership Promotion, Office and Staff

The 1st BOD should promote public awareness, mobilisation and sensitisation by increasing potential membership at the temple level – this should be used as a key strategy for recruiting more members. The boards should conduct at least monthly promotional meetings with ACCU project staff, making use of visual aids and video.

When the co-operative raises at least 50 fully paid up members, it may commence formal operations, i.e. recruit a fulltime manager, acquire office premises and open front office operations.

Note - although a co-operative can be formed and registered with a minimum of 50 members, a larger membership is necessary for the co-operative to remain viable.

Co-operative membership payments basically include membership fees and share capital. Even though the board and members can determine the rates for membership fees and share capital, the following is recommended:

- Membership share - this is a weekly contribution and should be at least MMK 500 per person for at least two years. Share capital helps the co-operative raise money to finance its operations; well before it starts earning any operational income.
- As indicated in the by-laws every person who pays for a membership share should deposit MMK 500 per week or MMK 2000 per month as savings.
- It should be noted these are the minimum entry requirements. Members may also set other access requirements. Furthermore, all requirements can be reviewed and revised by members as time goes by.

2.1.7 Step 12. Progress

- When the co-operative commences formal operations, it should provide the services for which it was formed, such as voluntary savings and term deposits.
- The BOD should follow-up on the registration of its co-operative in line with the Co-operative Department regulations on registration of co-operatives.
- In this whole exercise, the BOD should work closely with the co-operative officers in their area, project Field Officer and other well established co-operatives nearby. All these contacts play a supportive role only, as the people should be free to make their own decisions for the best interests of their community.
- In addition to the recommendation, a bank account and registration fees, the co- operative will also submit 3 copies of its By-laws for registration.
- After being registered by the Registrar, the co-operative trades as a registered Co-operative Society Ltd.

3.0 CO-OPERATIVE LEADERSHIP / GOVERNANCE / MANAGEMENT

3.1 Model Leadership/Governance/Management of a Co-operative

After members have formed their co-operative, the next task is to make it work and operate in such a way that it meets expectations and fulfils the objectives for which it was formed.

This task has two main parts:

1. Leading, guiding and directing the operations, and
2. Handling the day-to-day operations/activities of the co-operative.

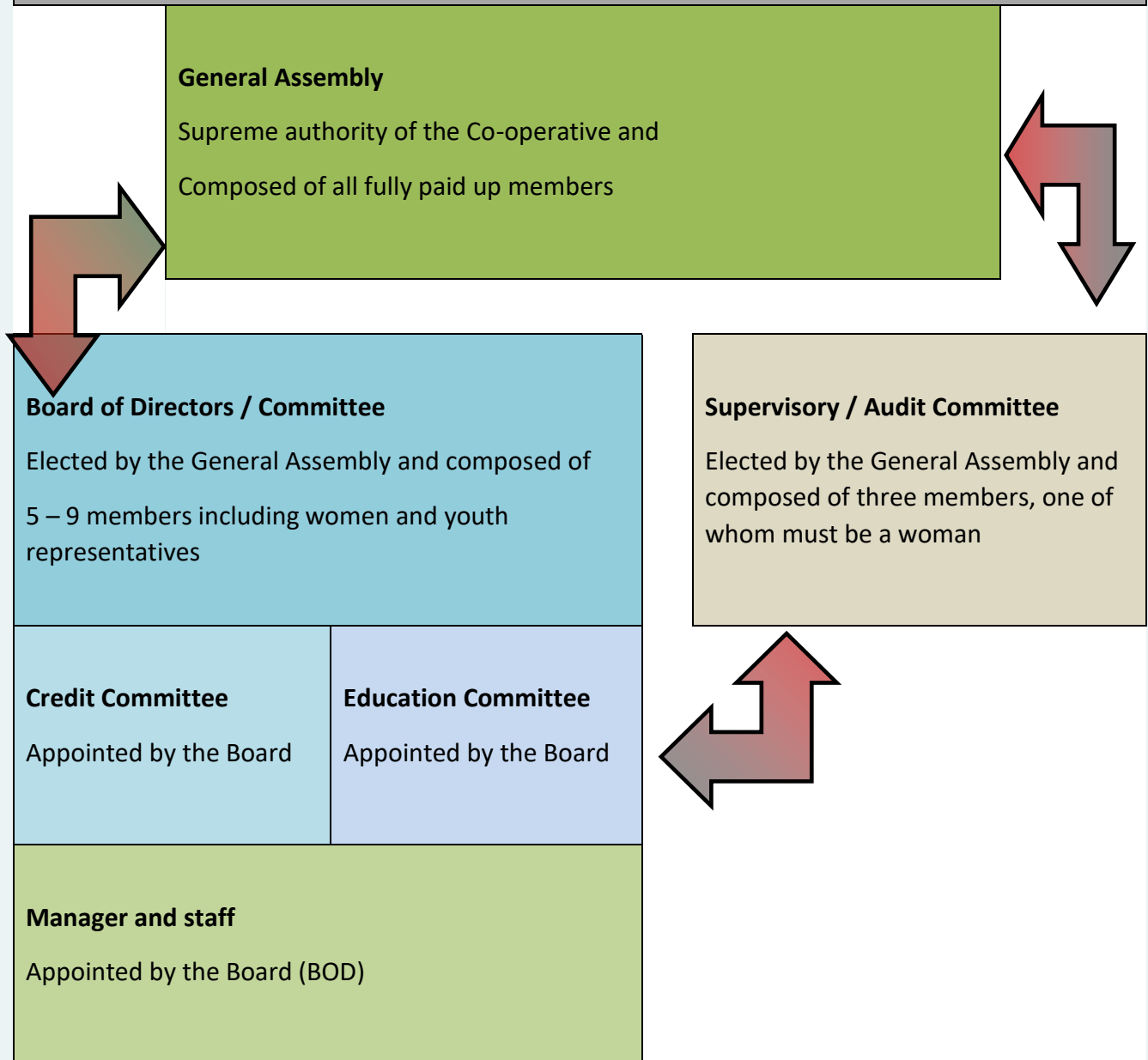
If it were possible, all members would perform this task but realistically, they cannot. Imagine all members of a co-operative handling its day-to-day activities! To avoid the chaos that would ensue, members set up a leadership/governance and management structure enabling their co-operative to operate efficiently and effectively, doing so in the best interests of members and the community.

In trying to develop a leadership/governance and management structure for their co-operative, members are guided by the following model (Fig.1.), which also indicates the reporting arrangements between various organs.

The basic structure of co-operative leadership and management has three parts or pillars.

1. Members of the co-operative society
2. Board & committees - put in place by the members to lead their co-operative
3. Staff - hired by the board/committee to handle day-to-day operations

Figure 1. Model Showing Leadership/Governance and Management Structure of a Co-operative



3.2 Duties and Responsibilities of pillars of Leadership/ Governance

In order for the different co-operative leadership/governance and management organs to operate well and serve in the best interests of members and the co-operative, each of them must be assigned duties and responsibilities. However, each will perform these duties and responsibilities in such a way that complements the activities of other organs and leads to the achievement of the co-operative's overall objectives. No organ should see itself as being more important than others or independent of others. Rather, it should be part and parcel of a total system that functions in tandem for the co-operative's objectives to be achieved.

3.3 Annual General Meeting (AGM)

3.3.1 Composition of the meeting

All fully paid up members of the co-operative may attend.

3.3.2 Duties and Responsibilities

- Approves the mission/vision and objectives of the co-operative
- Protects the rights of members,
- Provides overall direction for the co-operative's operations through provisions in the governance documents,
- Elects the BOD and the audit / supervisory committee,
- Approves accounts of the co-operative,
- Approves business plan, annual plans, and budgets proposed by the committee,
- Approves operating and lending policies,
- Approves interest rates policies proposed by the board,
- Approves appointment of auditors and their pay,
- Undertakes any other general business deemed necessary for the good of the co-operative

3.4 The Board's Role

The Board is the principal leadership / governance organ of the co-operative. As it is not practical for all the members of the organisation to provide oversight, the Board and Committees direct the affairs of the co-operative on behalf of their general membership.

3.4.1 Board Composition:

Composition of the board is determined by the Annual General Meeting, which elects the directors – 5 to 7 including women and youth.

3.4.2 Board Duties and Responsibilities

- Defines mission /vision, strategic objectives, and policies of co-operative, and ensures that plans conform to them
- Reviews and approves business plans & budgets before presenting to AGM
- Supervises management in the execution of approved plans
- Mobilises resources for the co-operative on behalf of all members
- Appoints, appraises and disciplines managers
- Determines rates of interest, on management's advice.
- Reviews PEARLS monitoring report and the activities of committees
- In some cases, draws up long term and annual plans

Depending on the size of the co-operative and the nature of its business, the committee may create a number of sub-committees, with AGM approval. Loan, Planning/Evaluation, Human Resources, Business Development and Disciplinary sub-committees are created to facilitate best operational results.

3.5 Audit / Supervisory Committee

For purposes of ensuring good governance, it has become necessary to have another organ known as The Audit/Supervisory Committee. This consists of three people who are charged with the responsibility of evaluating the consistency of actual operations, and to ensure they support the co-operative vision, mission and strategic objectives. The Audit/Supervisory committee is also charged with ensuring that the financial affairs of the organisation are handled with prudence, due care and transparency.

3.5.1 Composition

Three people are elected by the AGM. The members must not be members of other committee(s) or sub-committees, nor members of the management staff. They must have strong financial skills with a deeper understanding of the co-operative and its business. The Audit Committee members should preferably include one woman and one youth member.

3.5.2 Duties and Responsibilities

- Checks for consistencies in the co-operative's financial and operating records
- Authenticates the co-operative's financial reports and PEARLS
- Ensures that the co-operative's operating policies and procedures, and expenditure controls are followed
- Ensures prudent Asset and Liquidity controls
- Regularly inspects books, records and transaction documents of the co-operative

- Monitors operations, especially related financial documents and records.
- Checks operations of all of the co-operative's departments, managers and officers for compliance with the set policies, rules and standards.

3.6 MANAGER AND MANAGEMENT STAFF

3.6.1 Composition:

The Manager and Management Staff consists of professional people hired and paid a salary or commission for their services.

3.6.2 Duties and Responsibilities:

Appointed and supervised by the board/committee, the Manager and Management Staff performs the following duties and responsibilities:

- Translating the mission and objectives into actions.
- Preparing business plans, annual plans and budgets
- Maintaining books, records and accurate accounts
- Making periodic financial and operating reports
- Implementing policies and operating programs of the co-operative

3.7 Separating Duties and Responsibilities of Leadership & Governance

Each organ of the business should execute its duties and responsibilities effectively and efficiently and in accordance with the terms of reference laid down in the co-operative's by-laws. No group should appropriate the powers of other organs in handling any of the co-operative's business. Where roles overlap, the committees should work in a collaborative manner. The co-operative's Leadership /Governance and Management structures should carefully define the separation of duties and responsibilities of various organs. Particularly, the roles of committees and those of managerial staff should be clear and respected. Similarly, members should refrain from trying to micro-manage the co-operative in any way.

Delineating responsibility creates order and clarity within the co-operative's operations; it also reduces duplication, resource extravagance and time wasting, while helping to motivate operators and minimise possible conflict.

3.8 Qualities of a good co-operative leader

The success of any co-operative depends, more than anything else, on the quality of its leaders: the men and women elected or appointed to different positions in every co-operative's leadership/governance and management structure.

Therefore, it is imperative that a co-operative leader possess and exhibit the following leadership qualities:

- Dedication and loyalty to the co-operative cause and the community at large,
- Trustworthiness and honesty,
- Good knowledge of the co-operative business model,
- Objectivity and fairness,
- Listening and consensus building,
- General business aptitude,
- Ability to make logical judgments on a wide range of co-operative issues,
- Good time keeping,
- Visionary
- Good education

3.9 Indicators of Good Governance in a Co-operative.

There are several guidelines that ensure good governance is maintained by the leaders of a co-operative. These are necessary to achieve the vision, purpose, objectives, and most importantly, serve the best interests of all members:

3.9.1 Participation

Active participation by the membership in acquiring personal knowledge and development is central to effective, efficient leadership and management. All co-operative shareholders (women and men) should have a voice in the decision-making process, either directly or through the structures that represent member interests. Such participation should be fair and free of intimidation, duress or undue influence.

3.9.2 Transparency

All processes, decisions and relevant information should be conducted in a transparent manner and be accessible to all concerned.

Leadership/Governance and management organs should hold regular meetings to direct the affairs of their co-operative. The committee and its sub-committees (if any) should meet at least once a month and the Annual General Meeting must be held once a year, but not later than 3 months after the close of the co-operative's financial year.

Issues requiring a special resolution such as changing the By-laws, involves all members being invited to discuss a joint resolution.

The supervisory organ of the co-operative, the Audit Committee, should meet regularly to establish effective monitoring and diligent supervision of the co-operative's operations and general business.

3.9.3 Accountability

Every employee and decision-maker is accountable to their immediate supervisor. This includes all Committee members, the Loans committee, Audit Committee and Management Staff; all having higher accountability to senior management, the board and ultimately to the members (and community), through the AGM.

3.9.4 Consensus Orientation

There are always differing interests, views and opinions within every co-operative. It is therefore important to reach a broad consensus on all matters critical to the co-operative's operations. This is best achieved through an all-inclusive participatory approach, transparent systems and operations with full accountability to the shareholders. Individuals in positions of power and authority, like chairpersons, should be open to differing priorities and perspectives.

3.9.5 Efficiency and Effectiveness

Governance and management elements of the co-operative must have policies, processes and procedures in place to produce the best results; with all outcomes focusing on the satisfaction of members' needs. To achieve this, the co-operative's governance organs will mobilise available resources in the most effective manner.

3.9.6 Equity (fairness to all)

To benefit from the co-operative, and improve their personal economic status, members are provided equal opportunities to access all services while supporting and sharing the co-operative's vision. Thus, members will be treated equally when seeking opportunities and services from the co-operative. The basis for equitable participation could include a combination of the members' share capital, patronage and use of services; or combinations as agreed upon. Governance and management structures shall welcome comments from members, with no person being suppressed, ignored or silenced when he/she makes suggestions.

3.9.7 Respect for Rules, Policies and Regulations

The legal framework and policies under which co-operatives are regulated and operate must be respected, treated impartially and strictly enforced. Regulations

and responsibilities should be made known to all members at all times, while the co-operative always complies with its by-laws, regulations and operating policies.

3.9.8 Strategic and Visionary Leadership

The co-operative must have leaders and managers with a vision for, and commitment to, the organisation. Leaders and managers will endeavour to improve their institution, doing everything in their power to satisfy the needs of members and the communities in which they are based. The character and past record of leaders and managers should be free from unprofessional behaviour or unreliable reputation. Leaders and managers need to display strategic ability to ensure the co-operative's projects and business affairs are managed with a sense of purpose.

3.9.9 Knowledge and Skill in Leadership and management

Members of the governance and management teams should be knowledgeable and trainable in the matters of co-operative governance, management and operations. It would be an advantage if each member of the governance and management committees (the committee, audit and management staff) held a Uganda Certificate of Education (or equivalent) or higher professional qualifications.

3.9.10 Organisational Growth

Co-operative growth both in size of operations, membership and geographical outreach is often an indication of good leadership/governance and management. Continued balanced growth of the co-operative will result in its survival and sustainability in the long-term.

4.0 EFFECTIVE & EFFICIENT LEADERSHIP/MANAGEMENT TOOLS

With the leadership/governance and management structures in place, a co-operative needs tools that ensure its leadership/governance and management systems are operating on a rational and sustainable foundation. These tools facilitate effective and efficient leadership, and sound management of the co-operative, in achieving its vision and social performance objectives (provided all personnel comply). To effectively and efficiently pursue financial and social goals, leaders, management and co-operative staff will adopt and use the following tools:

4.1 Organisational Vision, Mission, Goals and Objectives

Every co-operative should have a clear statement of its vision, mission, goals and objectives so all management and operational staff can share the business direction (where it wishes to go and what it wishes to achieve, when and how) in making action plans and talking with potential members.

4.1.1 Vision

This is the ultimate aspiration of the co-operative as an institution and of its members in the very long run. An example of a co-operative vision could be: *"of a rich and prosperous membership served by a profitable and sustainable co-operative"*.

4.1.2 Mission Statement

The mission statement is a short singular focused statement synthesising a prime objective for achieving the vision. For example, *"to provide the best financial & social performance services across our region"*.

The above (example) mission statement gives all office holders and employees a stimulus to seek improvement each day, by asking, *"How does my role (this activity) help provide the best financial opportunities for members across our region?"* Or, many other questions, *"What projects can we support to illustrate best financial opportunities and social performance in the community?"*

Often there are other ideas and comments supporting the mission which indicate the co-operative's underlying purpose - as well as a list of values.

Further support details might indicate the direction in which the co-operative is moving, the clientele it aims to serve, and how that may be carried out.

Such comments seek to answer the following questions:

- What business is the co-operative in?
- What business does the co- operative want to be in?
- What does it intend to achieve?
- Who are its clients and how does it intend to serve them?

4.1.3 Goals

These are medium and long-term aspirations the co-operative wants to achieve, based on its mission statement and driven by its vision.

4.1.4 Objectives

Are specific quantified targets to achieve in the short-term or medium-term period. Objectives are included within action plans that move the co-operative toward its goals. To be effective, a co-operative's goals and objectives must be specific, measurable, attainable, realistic and have a given timeframe.

5.0 BUSINESS PLAN, WORK PLANS & ANNUAL BUDGET

5.1 Business Plan

Every co-operative must have a Business Plan. Once the co-operative has decided on its Mission, Goals and Objectives, which give it the direction and reason for its operations, it will then develop a Business Plan. The Business Plan presents future action and desired achievements for the co-operative in a holistic manner. The effect of the Business Plan is to enable those charged with governance and management to think ahead and determine how and when the co-operative will achieve its objectives. The Business Plan may include projections from 1 to 3 years. Annual business plans are a one-year plan, while longer term (e.g. 3-5 years) include strategic plans and budgets designed to achieve the vision, purpose and goals. The Implementation of strategic plans through the annual business plan also helps measure social performance against financial status.

A business plan for the co-operative will typically include the following

- General Description of the co-operative
- Statement of Mission, Goals, and Objectives
- Marketing Plan
- Operational Plan
- Organisational Plan
- The Financial Plan
- Action Plan

5.2 Work plan and Annual Budgets

This is a step-by-step approach in prioritising, scheduling and resource allocation to implement business plan goals designed to realise the co-operative's mission and objectives. Management should be guided in its day-to-day operations by approved annual work plans and budgets, based on the co-operative's two to three-year business plan targets. The use of action plans also provides clear guidelines for project management, indicating proposed start and finish times, leading to the overall attainment of set objectives, goals and mission.

5.3 Operating Guidelines, Policy and Procedure Manuals

Manuals are excellent leadership and management tools as they set out the policies and procedures for major processes in the business. They provide clear steps for members, leaders and management staff to function effectively in their duties and responsibilities. Policy manuals also assist the Board and Audit Committee to monitor and supervise all co-operative operations.

Key manuals for Savings and credit co-operative SCC include the following:

- Organisational Accounting and Operating Policies and Procedures Manual.
- Expenditure control and management.
- Internal Control Policies and Procedures Manual.
- Staff Policies and Procedures Manual.
- Committee Manual.
- Lending Policies and Guidelines Manual.
- Performance Standards Manual.
- Expected Reports and Reporting Formats.

Each co-operative must have a reporting system, which ensures timely production of accurate periodical reports on operational and financial results. Such reports are used in regular and effective supervision, monitoring and evaluation of the co-operative's performance. In the case of a Savings and Credit Co-operative, such reports may include:

- Daily till and waste sheets
- Monthly loan tracking reports
- Monthly, quarterly and annual trial balance, profit and loss accounts, and balance sheets.
- Other operating highlights, including number of members, borrowers & loan values, cumulative operating and performance figures, etc.
- Savings reports

6.0 THE ROLE OF GOVERNMENT

The role of government is to create a conducive environment that will promote the growth of co-operatives, operating as autonomous, self-financing, and self-reliant business enterprises.

More specifically, the role of the Cooperative Department/ government is to:

- Create a good legal framework and public policy on co-operatives
- Mobilise people to form or join co-operatives without promising any financial or material incentives
- Register co-operatives and set operational standards, regular supervision requirements and monitoring.
- Strictly enforce regulations and provide support for capacity-building purposes. Government should also support co-operatives in human resources development activities.

Progress on Savings and Credit Cooperative Development In Myanmar

	June 2014	Dec 2014	April 2015	Sep 2015
Number of Registered SCCs	22	18	26	26
Total Number of Members	3,657	5,160	6700	8378
Number of Active Depositors	3,657	5,160	6700	8378
Active Women Depositors (%)	49.82%	51.00%	52.37%	56.88%
Rural Depositors (%)	100%	100.00%	98.52%	98.52%
Total Voluntary Savings (US\$)	8,940.74	49,828	60,557	79,957
Number of Active Borrowers	44	2,785	3182	4829
Active Women Borrowers (%)	36.36%	57.60%	62.48%	64.60%
Rural Borrowers (%)	100%	100.00%	100.00%	100.00%
Total Gross Loan Portfolio (US\$)	1,315.92	69,934	107,279	174,197

Members who regularly saving with cooperatives

