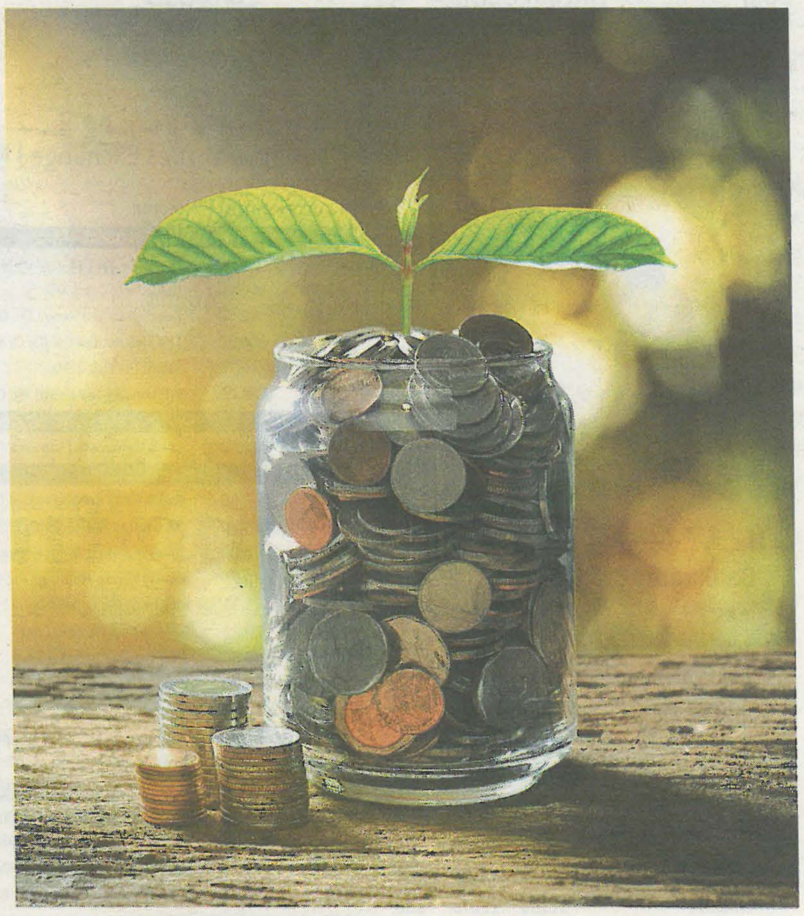
Sacco regulator sets new levy to fund operations



- Sasra proposes 0.165 annual charge of deposits for new institutions that have come under its mandate.
- Says its resources are stretched and needs cash to fund its expanded supervisory responsibilities.

PATRICK ALUSHULA, NAIROBI

New savings and credit co-operatives under the Sacco Societies Regulatory Authority (Sasra) will start paying an annual levy on the total deposits held to fund the regulator's operations.

Sasra is proposing to introduce a 0.165 per cent levy that the non-withdrawable deposit-taking Saccos that have come under its supervision for the first time will be paying every year.

The rollout of the levy will see Sasra net at least Sh137.98 million from 169 non-withdrawable deposit-taking Saccos that recently came under its regulation with deposits of Sh83.62 billion.

The regulator has, however, capped the levy at a maximum of Sh8 million, meaning that such Saccos holding more than Sh4.84 billion will be rescued from huge expenses.

This charge will start being paid if the draft Sacco Societies (Specified Non-Deposit Taking Business) (Levy) Order, 2022 currently at public participation stage is passed.

Sasra has traditionally been supervising deposit-taking Saccos alone, from which it has been collecting a levy of 0.175 per cent of total deposits, but says its resources are already stretched and will have to rope in the new Saccos.

"It would be discriminatory and unfair to utilise the said resources, which are inadequate in the first place, to fund the oversight of the non-withdrawable deposit-taking Saccos," says Sasra in the proposed order.

"To ensure fairness and equity, the non-withdrawable deposit taking Saccos also ought to pay their respective share of contribution to the supervisory and regulatory oversight of the authority."

The levy presents a new compliance cost for Saccos, which have been supervised by the Commissioner of Co-operatives under the State Department for Co-operatives.

The revenue from the levy looks set to surpass the estimated amount after Sasra recently gazetted 185 non-withdrawable deposit-taking Saccos, meaning 16 more have joined since the draft was prepared.

This will be in addition to the Sh50,000 authorisation fee that the Saccos have to pay at the start—which Sasra says is insufficient to cover all the direct and indirect costs.

"It has been proposed that the levy imposed and payable shall be paid within 30 days upon an assessment notice being served by the authority upon the non-withdrawable deposit-taking Saccos," says the draft.

Sasra's mandate was expanded last year through the Sacco Societies (Non-Deposit Taking Business) Regulations 2020, which allows it to supervise non-withdrawable deposit-taking Saccos with deposits of at least Sh100,000.

Sasra received 199 applications but approved 169 spread out in Nairobi (121), Kiambu (17), Mombasa (10) and other counties (21) and this will be expected to start remitting the levy if the proposal is passed.

> *To ensure fairness and equity, the non-withdrawable deposit taking Saccos also ought to pay their respective share of contribution to the supervisory and regulatory oversight of the authority."*
>
> **Sasra in draft regulations**

The regulator, which has been overseeing 175 deposit-taking Saccos, says there will be increased supervisory work with the new Saccos coming on board.

It will have to raise its staff size, expand and improve its ICT supervision and regulatory infrastructures and expand other assets such as furniture and office, leading to increased spending.

The regulator says the annual levy collected from deposit-taking Saccos has been insufficient to fund its operations, forcing it to operate below optimum levels since its establishment in 2010.

palushula@standardmedia.co.ke

CONFERENCES

KICC records 60pc rebound in meetings, exhibitions

The Kenyatta International Convention Centre (KICC) has recorded a 60 per cent rebound in the meetings and exhibitions business as it emerges from the ravages of the Covid-19 pandemic backed by a turnaround plan.

KICC Chief Executive Nana Gecaga, whose term is nearing its end after seven years at the helm, said during a media roundtable on Tuesday that they are now getting busy.

"I don't say we were dormant (but) we are getting back to back-to-back events after quite a difficult period," she said. "There was a big ripple effect. We had to take stock and realign ourselves and see where we need to go."

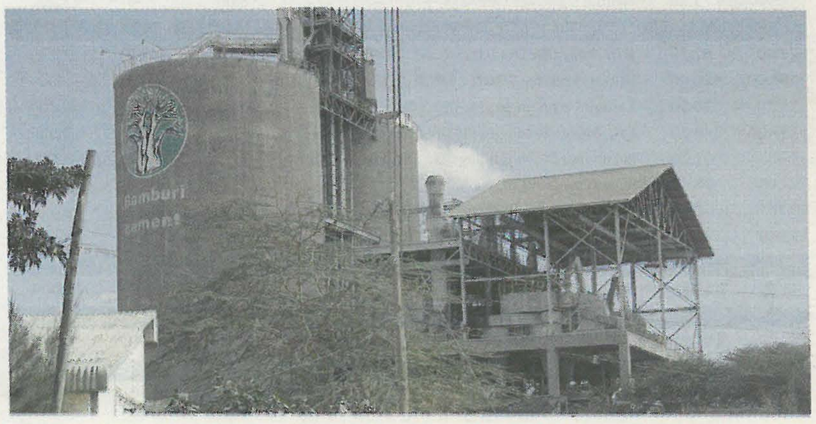
This meant the meetings, incentives, conventions and exhibitions (MICE) centre had to diversify its offerings and innovate, and is now open for weddings, birthday parties, private screenings, art exhibitions and concerts, among other events. "The fact that we have space means money or cost should not be a barrier," Ms Gecaga said.

Some of the significant meetings set to be hosted at KICC are the African Union New Partnership for Africa's Development conference slated for this month as well as the prestigious World Travel Awards coming up later in the year.

"We are working round the clock to ensure the venue is up to par with our clients," Gecaga said. **[Moses Omusolo]**

ENERGY

Bamburi Cement to cut electricity costs with two solar plants



Bamburi Cement has signed a power purchase agreement (PPA) with independent power producer Momnai Energy Ltd to set up two solar plants adjacent to the company's Mombasa factory and Nairobi grinding plant.

The project, which aims to save on power costs as well as contribute to reducing carbon emissions by switching to renewable energy, is set to deploy solar power systems with a total capacity of 14.5 megawatts (MW) and 5MW for the plants in Mombasa and Nairobi respectively.

This will account for up to approximately 40 per cent of Bamburi's total power supply.

"We are elated to be making this step towards switching to more affordable and clean energy that will not only lead to a significant reduction in power costs but also bring us closer to our goal of achieving Net Zero carbon emissions," said Bamburi's Strategy and Business Development Director Miriam Ngolo.

Over the past 10 years, Bamburi has substituted heavy fuels with use of alternative energy such as biomass, including rice husks and other waste material including tyres and waste oil in its operations.

Group Managing Director Seddiq Hassani said that shifting to renewable solar energy will help the company meet key objectives under its sustainability agenda.

"It includes reducing the carbon footprint of our operations, saving on costs, and upholding Holcim's Net Zero pledge with Science- Based Targets initiative," he said.

"It will also position us to deliver on our commitments to the UN COP21 Climate Change Agreement while remaining environmental stewards and partners in building Kenya sustainably."

Momnai Energy Director Anders Hauch said they are dedicated to playing a significant role in a fast transition to a cleaner and cheaper energy sector in Africa.

"Supplying solar power directly to Bamburi Cement fulfils both our agendas and we are delighted to assist the Holcim Group in fulfilling its Net Zero Pledge," he said.

Construction of the solar power plants is scheduled to begin at the end of 2022, after requisite regulatory approvals with expected completion within a year. **[Peter Theuri]**