THE ROLE OF SAVINGS AND LOAN ASSOCIATIONS (BUILDING SOCIETIES)

IN MOBILIZING SAVINGS FOR HOUSING
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THE ROLE OF SAVINGS AND LOAN ASSOCIATIONS (BUILDING SOCIETIES) IN MOBILIZING SAVINGS FOR HOUSING

Introduction

1. Savings and Loan Associations or Building Societies carry out the same basic functions in collecting savings from the public and using these savings by lending the money to individuals by way of mortgage loans in housing. There are, of course, innovations which have been introduced in different societies in different countries and details of these will be given later. It should be remembered that the British term "building society" is a misnomer since no house-building is actually carried out by any of these societies.

2. The organizations by their nature have a strong position when it comes to mobilizing savings. Through their operation of making loans on mortgage for house purchase they can attract substantial sums in investments. The purchase of a house among the majority of people is a "once in a life time" undertaking, and in saving for house purchase they can see a strong and tangible objective.

3. These organizations pay interest on the money they borrow and charge interest on that which they lend. They are similar to a number of other types of organizations which have their origin around the end of the 18th and the beginning of the 19th century. There is a strong element of mutuality in the make-up of all these organizations. The majority of people who save money with them and those who borrow from them are in fact not only "customers" in the commercial sense but also members of a body corporate in which they are bound by rules of operation and they have rights in governing these operations. This principle of mutuality explains the non-commercial attitude adopted in the organizations as a "movement" (which is very strong throughout the world), and underlies the policies which they tend to follow.

4. There are organizations of this type operating in Africa, but they need to be revitalized. There are other organizations carrying out the same functions under company law as limited liability companies depending on the source and type of investment which is made in them. There is a tendency at the present time for the majority of these organizations to neglect promotion of savings in favour of straight mortgage operations. Various reasons are given for this, the main one of which is that they cannot afford to deal in large numbers of small accounts with individual savers. This is contrary to operations based on mutuality and there is a need, for the benefit of local savers generally, to counter this tendency and
to encourage all bodies to promote the collection of savings. Only in this way can their work be built up from the ground, their assets increased, and loans made on all types of housing, including, of course, low-cost housing where the need for loans is greatest.

5. In carrying out their activities, these organizations are not isolated from changes in the economic climate, nor are they free from the pressures exerted by competing institutions in seeking savings from the public. However, they always attach importance to stability in their interest rates so that changes of interest rates tend to be regarded as major acts of policy to be made only in the last resort.

6. It is felt that the principle of mutuality should be maintained in this field of work in Africa and that all encouragement should be given to it wherever any of these organizations are being established. The movement has been hampered in the past by propaganda which says that the African is not a good borrower. This should be countered because in normal conditions experience has shown that the rate of default on repayments by borrowers belonging to any of these organizations in Africa is not greater than that suffered by any other lending institution in other parts of the world.

THE NEED FOR MOBILIZING LOCAL SAVINGS

7. It is intended in this paper to deal primarily with the organization and methods used in savings and loan associations to encourage savings. The use of their funds in making loans to persons either to buy an existing house or to construct a house is dealt with in a separate paper entitled "Mortgage Arrangements and Mortgage Securities in Africa".

8. The present situation in economic and social development in Africa has to be viewed with realism and account taken of the enormous and varied demands on resources. Experience in African countries has shown that funds allocated to housing from government resources are in most cases low because of other priorities in economic development. Thus, mobilization of local savings for housing through savings and loan associations or any other collective movement based on the community depends primarily on the individual and collective effort, on the spirit of self-reliance and on thrift in all sections of the population of every country.

9. It may be undeniable that the level and trend of incomes in African countries provide the basic explanation for the comparatively low rates of saving achieved to the present time, but the impression persists that a great deal is due also to the absence of facilities and adequate publicity for the movement generally.

1/ See ECA Secretariat Document No. E/CN.14/HOU/27
10. To enlarge facilities, increased and co-ordinated measures of organization throughout the continent of Africa are needed as far as resources will permit. Consultative machinery on an international basis dealing with financing of housing in Africa would bring thrift as a potent factor in development to the notice of a greater number of people.

11. This machinery would help in its way to curb usury which has plagued for many years African people who have sought credit. The strict conventional rules under which credit is normally granted from different financial institutions have prevented many people from obtaining the credit they need. In many cases they have resorted to moneylenders who have advanced credit at exorbitant rates of interest. In some countries legislation concerning moneylenders has actually assisted them by stipulating that credit might be advanced at 25 per cent interest on a first charge (i.e. land), 32 per cent on the second charge, and unlimited interest on unsecured loans. Though these rates have been quoted as the maximum chargeable, there has always been a tendency on this account for rates to be exorbitant.

Savings for housing in Africa through savings and loan associations and limited liability companies

12. Savings accumulated for use in housing through savings and loan associations and limited liability companies especially incorporated to deal with housing questions have resulted in substantial sums being collected. These sums, although appearing modest in comparison with the mammoth accumulation in other parts of the world, bear satisfactory testimony to the ability to save on the part of African peoples. It is considered that these sums would be larger through more intensive organization and publicity, together with consultative machinery on an international basis. The matter of consultative machinery is dealt with under a different item of the Agenda of the meeting for which this paper is intended.

13. The figures in the following table on a country basis in Africa are indicative. The list is not exhaustive and excludes state credit organizations for which see "Housing in Africa"1/.

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1/ ECA Document No. E/CN.14/HOU/7/Rev.1, Sales No. 66.II.K.4
<table>
<thead>
<tr>
<th>Country</th>
<th>Name of organization</th>
<th>Date</th>
<th>Investments accumulated</th>
<th>No. of Investors (where known)</th>
</tr>
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<tbody>
<tr>
<td>Ethiopia</td>
<td>Imperial Savings and Home Ownership Public Association (ISHOPA)</td>
<td>10/9/67</td>
<td>E$1,760,000</td>
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<td>Ghana</td>
<td>First Ghana Building Society</td>
<td>31/12/65</td>
<td>CFA3,190,233</td>
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<tr>
<td>Ivory Coast</td>
<td>Societe Ivorienne de Construction et de Gestion Immobiliere</td>
<td>November 1966</td>
<td></td>
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<td>Kenya</td>
<td>Kenya Building Society Limited†</td>
<td>31/12/66</td>
<td>EAShs.4,857,460</td>
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<tr>
<td></td>
<td>First Permanent (E.A.) Limited†</td>
<td>31/12/66</td>
<td>EAShs.80,393,140</td>
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<td>Savings and Loan Kenya Limited</td>
<td>31/3/68</td>
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<tr>
<td></td>
<td>East African Building Society</td>
<td>31/10/68</td>
<td>EAShs.10,909,760</td>
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<tr>
<td>Nigeria</td>
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<td>31/3/63</td>
<td>N.£.103,777</td>
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<tr>
<td>Swaziland</td>
<td>Swaziland Credit and Savings Bank</td>
<td>31/3/67</td>
<td>Rand 305,907</td>
<td></td>
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<tr>
<td></td>
<td>Swaziland Building Society</td>
<td>31/3/67</td>
<td>&quot; 146,665</td>
<td></td>
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† Source: Various annual reports and accounts.  
+ Since incorporated in the Housing Finance Company of Kenya Limited.
TYPES OF INVESTMENT

14. Investment in savings and loan associations as they have been established in Africa has been on conventional lines used in other organizations in their countries of origin. Thus, the terminology used includes such descriptions as subscription shares, paid-up shares, preference shares, deposits and loans. The use of these types of shares, and deposits and loans in savings and loan associations in developed countries have legal meaning and certain rights are accorded to the persons investing in any particular type. For example, a person investing by way of deposits in savings and loan associations has a legal right to be refunded his investment as a matter of priority over investments in shares in the event that the association falls into difficulties, carries a deficit, and has to be closed down.

15. In establishing savings and loan associations in Africa, there does not seem to be the need for these sophisticated types of investment. Each member of such an association might carry equal liability in event of deficit on operations, etc. This is a matter for discussion and agreed recommendation.

16. On the other hand, these different types of investment have advantages (as they are framed in the conventional way) for the individuals making investment. The innovations are described below.

Subscription shares

17. These shares are usually contributed by periodic instalments, e.g. US$10 per share monthly up to a stated figure being the total value of the share. It is often provided that subscription shares are to be regarded as fully paid when this stated amount has been reached, say, US$100 and thereafter there may be a transfer of the balance to a paid-up share account. Persons contributing towards subscription shares may have liability in respect of contributions in arrears, e.g. the interest to be credited on the contributions may be affected adversely.

18. This type of investment has been used to encourage longer term saving by individuals. Although the interest paid in the earlier years may be lower than other types of investment, provision can be made for a larger benefit to those bringing shares to maturity.
Paid-up shares

19. These shares can usually be taken up with any associations at any time in multiples of a stated amount, e.g. US$5. Each share is fully subscribed at the time. A high proportion of most investments in existing associations is represented by this type of shareholding.

Preference shares

20. The issue of these shares is rare in these days. Previously, this type of share gave advantage to individuals, usually the founders of the association, whereby they were able to have a deciding influence on the affairs of the association through pre-arranged methods of voting according to the type of share and amount invested. In addition, this type of share usually carried a more advantageous rate of interest.

Liability of shareholders

21. It is usual that in the event of the unfortunate circumstances already mentioned about deficit and closure of the association, the liability of the shareholder in the affairs of the association cannot be more than he has actually invested. However, a great deal depends on the formulation and contents of the rules of associations affecting the way in which deficit should be covered. (The secretariat will be in a position shortly to provide a model set of rules for associations based on African conditions and needs).

Deposits and loans to associations

22. As distinct from shares, and as already mentioned, persons placing deposits with any association have right by priority to be refunded in event of loss. The rules of any association would include power to the association to accept deposits and to accept loans of sums larger than might be invested by individuals. This borrowing by the association has to be carefully managed. Owing to the easy facility of withdrawal, and the eventuality of deficit, etc., experience has proved that there must be a limit. This limit is usually geared to the total amount due to the society from mortgages taken out by its members. To maintain the stability of the association it is normally recommended that borrowing through loans or deposits should not exceed two-thirds of the amount due on mortgages to the association at the end of its annual accounting period. The period of notice for withdrawals on loans and deposits is not usually provided for under one calendar month. In these cases, it follows that depositors are not members as such of the association according to its rules and thereby they do not incur any contingent liability.
23. Savings and loan associations obviously have to take advantage of banking facilities available in other institutions. Normally, accounts will be maintained with commercial banks for that part of the funds of the association which are not placed either in mortgage loans or in readily realizable investments. Readily realizable investments in this case would cover investment of association funds which had been placed to reserve to form a liquid asset which could be easily used to offset a period of unusual withdrawals from the association by savers. A typical type of investment would be in government Treasury Bills usually for a period of 90 days.

24. On the other hand, an association may well take up a bank overdraft for a limited period when it would not be advisable for them to realize in cash investments already made. It must be clearly noted however that any such overdraft would be a loan to the association in terms of loans and deposits already explained.

**Investments from Trustees**

25. Investments from Trustees can be a very valuable and stabilizing source for savings and loan associations. Funds accumulated by Trustees in pension funds, provident funds, insurance funds, estate legacies, etc., must by their nature be invested on a safe and long-term basis. In many African countries there are laws governing the actions of Trustees and the use of funds accumulated. Investment of these funds in equity, such as stocks and shares is not favoured by the law because of the fluctuating nature of the commercial money market.

**Investment by governments**

26. Governments can, of course, invest in savings and loan associations either by way of shares, deposits or loans. Indeed, it may well prove that an initial or timely investment by government in an association is the best way in which to encourage an increase in its operations by stimulating confidence among the public to invest individually. The rates of interest which might be required by governments on such investments must clearly be a matter of negotiation between the government and the association bearing in mind that governments themselves have in these days to borrow. Government investment is better when it comes from public revenue thereby allowing some latitude in the rates of interest which may be required.

27. In addition, the funds accumulated under national social security schemes, compulsory or otherwise, and those accumulated under national provident funds can, in the same manner as Trustee Investments, be a valuable and stabilizing source for associations.
It is realized that these social security schemes and provident funds are governed by law under which they are established but there does not seem to be any objection to investment in house mortgage operations. It is considered that investment of this type should be gone into at an early date wherever these funds exist.

**Investment in savings and loan associations generally**

28. The investment policy of a saving and loan association must, of course, be governed by its membership using persons of stability and ability to deal with financial matters, thus forming a board or committee of management. Generally, there can be no settled policy on the apportionment of the investment funds collected by the association between the various types of investment already explained.

29. Different boards or committees of management will have different ideas on this subject. Varying policies will be influenced by the geographic situation of the association or of its main areas for collecting savings, by competitive factors and by expediency. Some boards or committees of management will wish to encourage regular savings, e.g. subscription shares, to ensure a steady inflow of investments and, at the same time assist in developing the habit of saving in many people who will later wish to become borrowers from the association.

30. There are, of course, cautious investors in any group of people and these persons will accept a lower rate of interest for investment as deposits in view of the priority concerning refunds. It is a matter of individual preference. The advantage to the association itself is clear because it enables it to secure substantial funds at a low rate of interest with the consequent increase in its operations on favourable terms.

31. There is another element of investment which is useful. Savings and loan associations will normally require properties under mortgage to be covered adequately by insurance against such risks as fire, flood, etc., the premium for which would have to be paid by the individual taking the mortgage. Commission to the association from the insurance company carrying the risks can be substantial and this money can, of course, be reinvested in the association's operations. Any association established in Africa should seek to obtain a "main agency" agreement with the insurance company or state corporation whereby this commission to the association can be secured. Commission can also be secured to the association through insurance dealings such as mortgage guarantee policies and in those cases where the mortgage is combined through an insurance company with an endowment or life assurance policy.
TYPES AND OPERATION OF ACCOUNTS

32. The rules of operation of a savings and loan association will obviously provide for forms of application which can be used by prospective members at the time of opening an account. These forms of application would, no doubt, carry a reference to the rules of the association. In regard to the prospective member, particulars of the full name, address, and occupation would be included. For ease of working the form of application may be on a record card which can be used in modern card index systems. Since persons making deposits and loans to the association are not members, the forms of application need not include details in regard to shares or membership, but should contain an acceptance of any rules made by the association or, otherwise, should state details of the contract between the association and the lender.

33. It is usual to supply to each prospective member or other lender, a copy of the latest revenue and appropriation account and balance sheet, together with a copy of the auditors’ report and of the board or committee of management’s report for the most recent accounting period.

Income tax

34. The matter of income tax as it affects savings and loan associations and persons investing in them in Africa is of considerable importance. To stimulate local savings, the question of providing incentive through income tax arrangements needs to be considered seriously.

35. In developed countries there is an arrangement whereby income tax on the interest earned through investments in savings and loan associations is paid by the association. In one country no income tax is charged on either investments or interest earned up to a stated figure. This step was taken to give an incentive for savings invested in associations.

36. The matter of income tax chargeable on persons who take out mortgage loans from associations, as distinct from investments, is taken up in a separate paper entitled "Mortgage Arrangements and Mortgage Securities".

Pass Books

37. Pass books are normally issued to constitute the record of investments and withdrawals in shares, and sums invested and withdrawn in deposits and loans. The pass books will obviously contain the name of the person operating the account and his membership number in the association if he is investing in shares. Entries made in the pass book are usually the only receipt given to a member.

1/ See ECA secretariat Document No. E/CN.14/HOU/27
or other lender for the amount invested. Pass books would require extracts from the law or rules of the association, or both, to show the main conditions of the contract entered into by the association and the investor.

38. Lost pass books are usually replaced on payment of a small fee and on an indemnification signed by the investor protecting the association against any loss which may arise through wrongful use of the original pass book by any unauthorized persons. In those cases where the account is operated possibly by more than one person, all members and other lenders are required to sign the indemnity.

Joint accounts

39. There seems no reason why joint investment accounts cannot be taken into use in savings and loan associations in Africa, but clearly the rules of any association must make provision for this. It follows that withdrawals from joint accounts should be made on the signature of all members or other lenders concerned with the particular account.

40. There is another principle involved in the operation of the joint account which may be open to legal argument in some countries. This concerns the death of any party. Savings and loan associations in Africa may have to decide after taking legal advice, that on receipt of satisfactory evidence of death of one party, the balance of the account would be vested in the other surviving parties. If such a decision is made by any association, this should be brought to the notice of joint investors at the time the account is opened. If it is desired to open a joint account in the name of a firm, it is preferable for the association to require the account to be opened as a joint account in the names of all the partners of the firm as registered.

Children's accounts

41. For various reasons, parents may wish to open an investment account with an association in the name of one of their children. There seems to be no objection to this being done so as to encourage the habit of thrift at an early age. The reasons for opening such an account can be easily visualized, e.g., saving to pay for education, for holidays, etc. However, there may be complications in some countries where accounts are desired to be opened in the names of persons under legal age. There is, for example, the question of whether a child can sign and withdraw money from such an investment. The purpose of such a withdrawal and the extent of the sum being withdrawn are pertinent factors. Another factor is that when a person makes an investment of money in his own name which belongs to a child, he is in fact a trustee of the investment. The whole question of children's accounts can be studied by the management of African savings and loan associations should they so wish.
Accounts of limited liability companies

42. Limited liability companies, e.g. an insurance company, in African countries may wish from time to time to make investments in savings and loan associations. In dealing with any company wishing to invest in an association, the association would be well advised to examine the Articles and Memorandum of Association under which the company was incorporated with a view to knowing the objects and powers under which the company is working. In law, any person dealing with a limited liability company is assumed to know the provisions of these documents. The board or committee of management of an association must be quite clear that the directors of the limited liability company are empowered to make investments and whether there are any limitations on the use of company funds for investment purposes.

Accounts of unincorporated bodies and associations

43. When opening accounts with any association in the name of community organizations such as churches, clubs, etc., it is necessary for the association to obtain a copy of the resolution signed by the chairman and secretary of the institution authorizing the investment and naming the officials who are empowered to operate the account. It is advisable also for the association to have sight of the constitution and/or rules of any of these bodies to reveal whether there is in fact authority to make investments and to show the powers conferred upon the officials of any particular institution.

Factors affecting operation of accounts

44. There are factors affecting operation of accounts held in savings and loan associations. Some of these may be mentioned as:

(1) Marriage

In the case of female investors, the association's records and pass books held by the members can be amended on receipt of satisfactory evidence of marriage. To protect the investor an official declaration signed by the investor and duly witnessed, giving the date of marriage, address, and husband's full name can be accepted. On the other hand, an association may wish the investor to produce the certificate of marriage together with a specimen signature.

(2) Change of name

Some investors may wish to change their names and this is a common occurrence in some countries. A declaration can be taken by the association and the appropriate alterations made in the records of the association and the member's pass book.
In some countries persons may use a new name without invoking any form of legal declaration. In these cases the association will have to satisfy itself that the person concerned has in fact come to be known by his new name through usage, before making alterations in the association's records.

(3) Cheques

Accounts may be opened by cheques drawn or endorsed in favour of the association. A cheque payable other than to the association requires to be endorsed by the payee since the association is not a bank. If the cheque is returned from the bank unpaid, the member's or depositor's account must be debited. Obviously, withdrawals in cash from the association against uncleared cheques should not be permitted.

In handling cheques, the management of the savings and loan association must pay regard to the following points:

(a) A cheque must not be post dated, nor out of date. Six months is the usual period allowed before a cheque is regarded as being out of date;

(b) If the cheque is being paid into an account of an investor other than the person drawing the cheque, then the investor's endorsement should also be obtained.

(c) "Per pro" endorsements should only be accepted when the association is sure of the agent's authority so to endorse cheques. Savings and loan associations are not banks and the protections available to banks under banking law in different countries do not apply to the associations.

An endorsement which is evidence of the negotiation of the cheque and implies an obligation on the part of the endorser to be liable to subsequent holders, transfers the instrument, i.e. the cheque. Any special instructions as to the disposal of the cheque must be made in writing on the cheque above the endorsee signature. Clearly, endorsements in pencil or by rubber stamp should not be accepted.
CHANGES IN PROPRIETORSHIP

45. During the lifetime of an account, there may be changes in proprietorship; some are not by design of the investor or even contemplated, while others are voluntary actions of the member or other lender.

Notices of charges or assignments of shares and deposits

46. An association cannot refuse to accept notice of a charge or lien upon an investing account. The association must enter appropriate particulars in its records and make notes in any pass books concerned. In the event of a chargee requiring withdrawal of the funds invested, the association should certainly request sight of the charge before allowing the withdrawal. Should the chargee wish to cancel the notice of the charge, the best course for the association to take would be to ask for a sight of the discharge or cancelled charge.

Powers of Attorney

47. A power of attorney is a formal delegation made in writing, not necessarily under seal, empowering the donee to perform actions as prescribed in the document. It makes all actions so done binding on the donor, having created the relationship of principal and agent. Experience has shown that powers of attorney are executed mainly because of ill health, infirmity or old age, or through absence abroad of the donor. The management of an association should make itself fully aware of the implications of the use of a power of attorney.

Bankruptcy

48. If an association receives a court order affecting any of its members or other lenders, then the shares or deposits are vested in the person administering the bankruptcy case or a trustee. In the case of joint accounts, operations would normally be suspended pending instructions from the solvent investors remaining and the person appointed to administer the case.

Death of a member or other lender

49. On the death of a sole holder of an account, the account would be stopped, that is, no further transactions would be permitted pending the production of probate of the will or letters of administration concerning the member's estate, whichever the case may be.

WITHDRAWALS FROM ACCOUNTS

50. The rules of a savings and loan association should normally show the terms under which withdrawals may be made by members and other
lenders. Consequently, the practice regarding notice and terms of withdrawal may vary between associations. When a withdrawal is required, it is essential for the pass book to be produced and the entry made therein at the time of withdrawal. In addition, all necessary signatures should be obtained on the withdrawal receipt form in use in the association. An association cannot avoid responsibility if it pays out on a forged signature unless it can be proven that the investor from whose account the withdrawal is made has contributed to the transaction through negligence.

51. Occasionally, accounts in a savings and loan association are operated by persons who are unable to write. On withdrawals being made in such cases, the investor should give a discharge by making his mark which must be witnessed by a responsible person who should sign his name in full and give address and occupation.

52. If the holder of an account wishes a third party to withdraw any money on his behalf, then the pass book and a written authority from the investor should be produced.

Closing an account

53. When the whole amount standing to the credit of an account in an association is to be withdrawn, it is advisable that a withdrawal voucher giving full particulars is prepared for signature and closing entries made in the pass book. It is also advisable in order to prevent future wrongful use of the pass book that it should be defaced to indicate cancellation.

54. The foregoing contains details of the principal actions which can be taken concerning investments in savings and loan associations, together with some principles required to be observed in dealing with the accounts of members and other lenders to the associations.

USE OF FOREIGN FUNDS

55. Although a separate paper 1/ has been prepared on the "Use of Foreign Funds", a short reference must be made in this context because of the influence exerted by these investments on the basic principles of savings and loan activities in collecting savings and making mortgage loans for housing.

56. Developing countries in Africa have received varying sums of money which have been devoted to housing in different ways, and examples of the sources and types of investment are contained in the UN publication "Housing in Africa".

57. These foreign funds have been used in housing but have by no means been confined to investment in savings and loan associations. In using foreign funds in savings and loan associations the intention had been to "prime the pump" because it was found in some cases that the initiative of the community was insufficient to establish an association on a community basis as depicted in the earlier part of this paper. Clearly, one objective in encouraging the movement in African countries must be to alert this initiative by community work and adequate publicity, so that foreign funds may be widely used to supplement operations of different associations.

58. The differing rates of interest required by such investments are also a factor and this is examined in the separate paper on "Use of Foreign Funds" quoted above.

CONCLUSIONS AND RECOMMENDATIONS

59. Savings and loan associations and limited liability companies carrying out the same basic functions in collecting savings from the public and using these savings by lending the money for mortgage loans in housing have in the main been successful to date in Africa. The movement could be extended greatly by establishment of new associations, however small, in areas presently not supported.

60. Substantial sums have been collected through savings from the public and these could be increased with intensified community effort and more publicity. The growth of population and the consequent increased housing needs should not deter investors of all types from investing in this field.

61. Since governments have been active in the past in supporting the savings and loan movement, this support should be continued using both government resources and foreign aid in cash as available on as wide a basis as possible.

62. In order to achieve this wide base the facilities for establishing savings and loan associations should be encouraged. Consultative machinery on a national and international level should be arranged so as to bring thrift as a potent factor in development to the notice of the greatest number of people.

1/ See ECA Document No. E/CN.14/HOU/7/Rev.1, Sales No. 66.II.K.4.
63. Apart from the normal means of individual investment in savings and loan associations, recourse should be had to other investors. Trustee investments should be encouraged as a valuable and stabilizing source for savings and loan associations. Insurance companies operating in African countries should be persuaded to invest premium monies in the associations.

64. A way must be found to make for incentive so far as savings from the public are concerned. If housing according to population growth and needs is to be given priority, then the matter of income tax arrangements might be considered in African countries. Short of establishing a special fund for housing through taxation, consideration might be given to allowing tax-free income on that part invested in housing. This step might be taken further by allowing earned interest on housing investments to go tax-free up to a stipulated figure.

65. National social security funds and provident funds can prove to be yet another valuable and stabilizing source of income since investment of these funds must be on a safe and long-term basis.

66. Boards or committees of management of savings and loan associations in Africa presently working on narrow lines, should consider all aspects leading to expansion of their operations in attracting investments.

67. All the above leads to the necessity of having trained technical and administrative personnel in savings and loan associations. With the assistance of the United Nations and other international and bilateral organizations, a drive in training staff at all levels should be made. It should be possible for staff members of associations to receive training in overseas organizations, and using the United Nations and bilateral technical aid programmes it should be possible for experts in this field to assist in establishing associations and to be attached to those existing where advice and assistance is needed. The United Nations Headquarters and the Economic Commission for Africa will be prepared to receive requests for this type of assistance.