

SAVINGS AND CREDIT COOPERATIVE



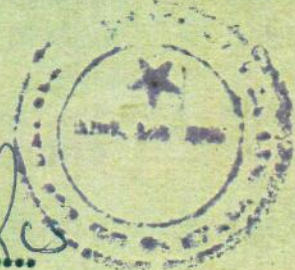
BYLAWS

OF

UGANDA AGRUDEPT

**COOPERATIVE SAVINGS AND CREDIT SOCIETY
LIMITED**

REGISTERED No: 3355/20



ADDRESS: P. O. BOX 5500

KAMPALA



DISTRICT: WAKISO

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We attach true copies of the proposed Bylaws of society duly signed:

Name	Occupation	Age	Place of Residence	Sign
1 F. Dick Kinumira	PPA	54	EBBE	
2 JOSEPH SRENNYOND	AAO	49	MUKONO	
3 A.M. NYAMWEGYEMDAHO	PENSIONER	68	ENTEBBE	
4 OFWONO JA	FED	49	TOKORO	
5 SSENKIRYANGA J.	AAO	51	MPIGI	
6 EDUKUT OKIRIA AMOS	AO	53	SOROTI	
7 AK. MASABA A	Ret. AAO	55	mbale	
8 MUGUMBA JOSEPH	ST ENTABASSE	46	JUSTA	
9 Bukonya Ida	IGAD Desk Officer	54	Mukono	
10 SERUBUGO G.	AO	49	MPIGI	
11 NAMANYA G	SAAO	49	BUSHEMI	
12 Mabbuto Sempale S.E	Admin. ASST	43	Nakawa	
13 OPOKA-OBIIYA C.	AVO	49	KITGUM	
14 LUBANIWA SAMUEL	AAO	55	ENTEBBE	
15 Kabungo Freddie	DIPLO	40	MASAKA	
16 Eve Luvumu	LIO	42	MASAKA	
17 Kawuma David	PO	35	Entebbe	
18 Neo. MURUMBA	F.O	44	MUKONO	
19 MUBE S.M.	SAAO	58	MBALE	
20 MUKASA LYDIA	AAO	39	MUKONO	
21 A. Lubega	PENSIONER	56	ENTEBBE	
22 MATOOU MARY	cashier	48	EBBE	
23 TIARA MICHAEL	B/keeper	45	-do-	
24 MUKOYA GEORGE	Nakawa	48	NAKAWA	
25 Peter Lusembo	camp manager	47	MUKONO	
26 JOHN B. KALULE SEWALI	Commissioner	48	ENTEBBE	
27 JOSEPH Odumim	MAAF	56	ENTEBBE	
28 G.W. Ssekiboleko	MAAF	58	MUKONO	
29 Eng. Ben H. Torach	II	44	Ebb.	
30 D. NSUBUGA-KIKOYO	SAD/MAAF	56	KAMPACA	

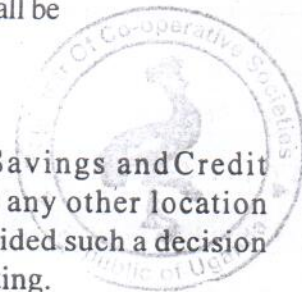
CHAPTER 1

APPLICABLE LAW, NAME, PURPOSE, DOMICILE

ARTICLE 1: APPLICABLE LAW, NAME AND DOMICILE:

- i) These Bylaws are made under the overriding authority of The Cooperative Societies Statute 1991 and The Cooperative Societies Regulations 1992.
- ii) The Society shall be called UGANDA AGRIDEPT Cooperative Savings and Credit Society Limited.
- iii) Domicile: UGANDA AGRIDEPT Cooperative Savings and Credit Society Limited's area of operation shall be UGANDA

However, by decision of the Committee, the Savings and Credit Cooperative Society may open branch offices in any other location in Uganda, whenever economically justifiable, provided such a decision shall be ratified by the members at their general meeting.



ARTICLE 2: OBJECTS

Under the general principles of financial safety and soundness, the purpose of the Savings and Credit cooperative society is to provide its members with:

- i) Savings, deposits, and related services earning competitive rates of interest and minimizing financial risks on such savings.
- ii. Loan services at cost allowing the society to cover its costs including legal reserves, reserves for loan losses and other required reserves.
- iii. Any other necessary legally authorized and economically feasible financial services demanded by its members.

To fulfill these objects, the society may develop, promote and implement the following activities: -

- a. Savings mobilization programs and branding campaigns.
- b. Credit programs and services based on the borrower's repayment capacity.
- c. Individual as well as joint financial programs and services with other entities with similar objectives.

- d. Educational programs on savings, loans and other financial services and products, their use and consumption, as well as consumer protection programs regarding financial services and general cooperative issues.
- e. For the attainment of the above objects the society may do all acts and things that are permissible under the Cooperative Statute, the Regulations and these Bylaws.

CHAPTER 2

CAPITAL, SHARE CERTIFICATES, ECONOMIC RESOURCES

ARTICLE 3: NET WORTH: SHARE CAPITAL AND INSTITUTIONAL CAPITAL

The net worth of the society is made up of:

a) Share capital:

The nominal value of Shares issued to the members at their par value, which is Shillings 200,000= and,

b) Institutional Capital:

The legal and voluntary surplus reserves, which shall remain undistributed.

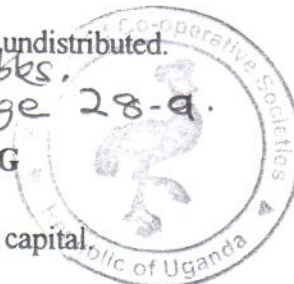
Savings and Accounts Payables.
c) Investment Policy: See Page 28-9.

ARTICLE 4: RESTRICTION TO SHARE HOLDING

No member shall hold more than one third of the total share capital.

ARTICLE 5: SCALE-DOWN AND REINTEGRATION OF THE SHARE VALUE

With the prior knowledge of either Annual or Special General Meeting of members, the value of individual shares shall be reduced when the society's real assets value becomes lower than the aggregate liabilities. The loss shall be proportionally shared among all individual share certificates. Successive surpluses shall justify reversing the reduction process, only to the extent of the reduction.



ARTICLE 6: OTHER ECONOMIC RESOURCES

To meet its economic purpose, the society shall rely on economic resources, such as:

- a) Deposits by members.
- b) External Loans obtained in accordance with the Statute and the Regulations.
- c) Unconditional Reserves approved by the General Meeting of members.
- d) Any funds that lack an express condition or specified destination by the donors should become part of the institutional capital and therefore shall remain undistributed.

CHAPTER 3

MEMBERSHIP, ADMISSION AND WITHDRAWAL FROM MEMBERSHIP, RIGHTS AND LIABILITIES

ARTICLE 7: ELIGIBILITY

a) The following persons are eligible for society membership:

Individuals who are:

- i) Of good character
- ii) Meeting the membership profile as defined by the society Committee.
- iii) Any legal person, or similar association, whose membership is made up primarily of individuals who also meet the eligibility requirements for the society membership.

b) Every applicant shall fill an application form for membership which when admitted will form part of the membership register of the society.

c) An applicant shall subscribe at least one share in order to be admitted as a member.

d). The retired Members who are in the pension Department and Spouse - Members shall remain Members of the Society.



ARTICLE 8: MEMBERSHIP RIGHTS AND RESPONSIBILITIES:

Subject to the Statute, Regulations, the Registered Bylaws, Policies, Standards and Procedures, a member

- A
- i) Shall have the right to use the society services and exercise the rights
 - ii) Receive, periodic and at request statement of account.
 - iii) Attend and participate at General Meetings, at which each member shall have one vote irrespective of the share holding.
 - iv) Elect or be elected as a Committee member of the society.
 - v) Submit projects or initiatives to the Committee for the improvements of the society services.
- B) A member shall have the following responsibilities: subject to the Registered Bylaws, Policies, Standards and Procedures:
- i) Abide by the Statute, Regulations, the Registered Bylaws, and the relevant approved Policies.
 - ii) Abide by the Resolutions of the members passed at a general meeting irrespective of having been absent from such a meeting or having dissented or abstained on such resolutions.
 - iii) Patronize the society.

ARTICLE 9: LIABILITY

The liability of a member shall be limited to 3 times the nominal value of the shares held the member.



ARTICLE 10: CEASSATION FOR MEMBERSHIP

Membership shall cease if:

- i) A member whose share balance falls below the par value of the share, provided such member is notified and allowed 90 calendar days within which to make good the share balance, failure of which membership shall be terminated.
- ii) A member voluntarily withdraws from the society.
- iii) A member dies.
- iv) Such a member is dismissed from the society.

ARTICLE 11: VOLUNTARY WITHDRAWAL

- i) Members with a positive balance, outstanding obligations on their accounts and no outstanding collateral or guarantees for other members' loans may withdraw from membership, at any time, without losing vested rights.
- ii) In spite of losing their status as members, individuals who have withdrawn from membership but still have outstanding loan balances or outstanding guaranties for other members' loans shall continue being responsible for their respective obligations.

ARTICLE 12: SUSPENSION

- i) The Committee may suspend a member who:
 - a) Acts in any way contrary to the interest of the society.
 - b) Fails to pay contributions or debts due from him/her to the society.
 - c) Violates the Bylaws, policies and procedures of the society.
- ii) The said member shall be allowed to present his/her defense and taking into consideration the member's defense the Committee shall initiate an administrative inquiry and take a decision on its findings within 15 days.
- iii) The Committee shall report on any member suspended by it to the next General Meeting, which shall have power to expel or reinstate the member.

ARTICLE 13: SUSPENSION PROCEDURE

- i) Upon formal and written announcement and proof that a member has committed a violation punishable by suspension, the Committee shall provide written notice to the member setting forth the reason for the proposed suspension, and grant 30 days for the member to take action on his/her defense.

ARTICLE 14: PAYMENTS RESULTING FROM WITHDRAWAL, TERMINATION OR EXPULSION FROM MEMBERSHIP

- i) Withdrawal, expulsion, or termination of membership will not exonerate a member from any personal or membership liability.

- ii) The Society will reimburse the withdrawing member the difference between the credit and debit account balances, subject to the availability of funds and the financial results of the fiscal year before the withdrawal, termination or expulsion from membership.
- iii) In the case of a member withdrawing voluntarily, such member shall give a notice of 90. Calendar days within which refund of his/her net balance in his/her favor shall be made.
- vi) When membership is terminated, the society shall recover all balances in its favour from the said member.

CHAPTER 4

MANAGEMENT OF THE SOCIETY

ARTICLE 15: SAVINGS AND CREDIT COOPERATIVE SOCIETYS' STRUCTURE

Subject to the powers and responsibilities established by the Statute and by these Bylaws the society business shall be run by:

- a) The General Meeting of Members.
- b) The Committee.
- c) The Supervisory Committee.
- d) The Manager

e). BRANCH COMMITTEE (f) PATRON

ARTICLE 16: GENERAL MEETING:

Subject to the Statute, Regulations, and Bylaws; the General Meeting is the Society's main governing body with the most comprehensive powers to address the society's business.

There shall be General and Special General Meetings of members.

The notice for a Special General Meetings of Members shall clearly specify all the issues to be discussed.

The Special General Meeting shall deal exclusively with the issues for which it was convened.



ARTICLE 17: REGIONAL MEETINGS OF MEMBERS

The Savings and Credit Cooperative Society shall have ...⁴... Regional Meetings of members at which ...³... delegates per ...³⁰... members shall be elected by the members to represent them at the General Meeting.

A meeting of delegates elected at the regional meetings shall be convened within 14 calendar days after the close of the last regional meeting of members.

The delegates meeting shall be responsible for conducting the business of the society normally reserved for General Meeting of members.

The delegates shall report to their respective regions on actions taken at the Delegates Meeting.

ARTICLE 18: NOTICE OF MEETING

- i) The Committee shall call a General or Special Meeting of members through the media channel most accessible to the society members, at least 14 calendar days before the meeting date. Such Notice shall determine the date, time, place, and the items to be on the Agenda to be considered.
- ii) In case of the Annual General Meeting the Notice shall state that the Financial Reports for the fiscal year have been made available at the society's notice board for the members information.
- iii) The Annual General Meetings will be convened within **60 calendar days** following the closing of each financial year.
- iv) Except when convened by the Registrar, a General Meeting's quorum will be established with the attendance of...⁷⁵...% of the eligible members, OR by ...²⁵...members present, whichever is less.
- v) In the event that the required quorum has not assembled on the meeting day, a second notice of the meeting shall be published for ...¹⁴... days later. In such event the Meeting shall be validly held irrespective of the number of members in attendance.

ARTICLE 19: REQUIRED MAJORITY

- i) Subject to the provisions of the Statute, a 2/3 majority of the members present at the General Meeting shall approve liquidation, split, mergers, **decision reducing the total the assets of the society by at least 5%** and amendments of the Bylaws.
- ii) Any other motion shall be approved by a simple majority of votes.

ARTICLE 20: ENFORCEMENT OF DECISIONS

- i) Any decision taken by the General Meeting shall be binding all members present, absent and dissidents.
- ii) However, members may exercise their rights of objection and separation, about decisions related to the society's conversion into a different organization or merger.

ARTICLE 21: CONDUCTING OF MEETING

- i) The Chairperson of the Society or, in his/her absence, the Vice-Chairperson shall preside at all General Meetings of the members and at all meetings of the Committee except when convened by the Registrar or his representative. He shall perform such duties as he may be directed to perform by the Committee, not inconsistent with the provisions of the Statute, Regulations and these by-laws.
- ii) Where both the Chairman and the Vice Chairman are absent, the Committee shall appoint from within itself a chairman who will preside over that meeting.
- iii) The Committee may make standing orders for proper conduct of business.

ARTICLE 22: NOMINATION

The Chairman shall call for nominations from the floor.

ARTICLE 23: VOTING

Voting shall be by secret ballot, and on a simple majority subject to article 21 of these Bylaws.

However, by a simple majority of members present at a general meeting an alternative method may be used.

An organization having membership in the society may be represented and have its vote cast by a designated member or shareholder of the organization.

ARTICLE 24: POWERS AND DUTIES OF THE GENERAL MEETING

The general meeting of members has both the right and responsibility: -

- a) To receive and consider the reports of the Committee and the Supervisory Committee.



- b) To receive and consider management financial statements, opinion of the Supervisory Committee and/or external audits regarding such statements.
- c) To consider management work plans, income and expenditure budgets presented by the Committee.
- d) Give direction to the Committee.
- e) To decide on Committee recommendations regarding appropriation of surplus and losses.
- f) To confirm the removal of Committee Members from office, denial of admission, and expulsion of members.
- g) To elect the members of the Committee and Supervisory Committee.
- h) To approve the maximum liability which the society may incur.
- i) To decide on any other matters, other than those statutorily reserved for Special Meeting of meeting of members.
- j) To approve the sale of any fixed asset of the society whose value is at least 2 % of the total assets of the society.
- k) To choose an Auditor for the Society as provided under the Statute
- l) Other powers and duties as provided under Articles 8 and 21 of these Bylaws.

ARTICLE 25: SPECIAL GENERAL MEETINGS

- i) Subject to provisions of Regulation 21, members, Committee or Registrar may cause a Special General Meeting to consider and resolve the following matters, which pertain exclusively to its field of competence:
 - a) Amendment of Bylaws
 - b) Liquidation of the Society
 - c) Reducing or increasing the value of the share certificate
 - d) Conversion or merger with other Savings and Credit Cooperative Societies
 - e) When the Committee fails to call an annual or special General Meeting with in 14 days after receipt of demand for such a meeting by members.

- f) Any other business identified and agreed upon as an item for the day's agenda.
- iii) A special General meeting shall be convened by the Committee on receipt of a demand of such a meeting signed by...18...members.
- iv) If within 14 days following the receipt of demand for the meeting, the Committee fails to convene the meeting such members may convene the meeting giving 7 days notice, giving reasons for the meeting and highlighting the fact that the committee has failed to convene the meeting.

CHAPTER 5

THE COMMITTEE

ARTICLE 26: AUTHORITY - CONSTITUTION NORMS:

The Committee shall be responsible for overall direction of the society and the determination of its policies. The Committee shall consist of 9... members who shall include a Chairperson, Vice Chairperson, Treasurer, and 6 other Committee members elected by a majority of members voting at a General Meeting.

The Committee's main functions are to formulate, approve, direct, and implement operative and financial policies to ensure that the society members do not lose money, receive a competitive interest rate that increases the purchasing power of their savings.

ARTICLE 27: GENERAL FUNCTIONS AND RESPONSIBILITIES OF THE COMMITTEE

The Committee's functions and responsibilities are the following:

- a) Abide by and ensure that the society abides by the legal, Regulatory and Bylaw provisions, as well as the General Meeting resolutions.
- b) To decide on the entrance fee to be paid by new members.
- c) To call General and Special meetings.
- d) To approve policies, guide lines and operational manuals, financial statements, annual planning and budgeting, and the salary policies. Provided, financial Statements and Budgets shall be ratified by the general meeting of members.



- e) To establish and execute policies regarding the hiring and removal of the society's Manager.
Fix the remuneration of and prescribe the duties of the Manager and such other employees as may be necessary to carry on the business of the society.
- f) To fix remunerations of and prescribe the duties of the Manager and such other employees as may be necessary to carry out the business of the society.
- g) To submit to the general meeting: -
 - i) A report containing at least activities carried out during the financial year, results from plans and budgets, and findings of the Supervisory Committee on the financial statements.
 - ii) A proposal for the disposal of surpluses
- h) Subject to Article 24(g) of these Bylaws, to transact and obtain loans and finances from banking and financial institutions, individuals or corporations; to secure loan operations by means of collaterals, mortgages, pledge of properties, and to transact any other operation with banking, commercial and insurance organizations.
- i) To appoint a Credit Sub-committee and other specific sub-committees or commissions as deemed necessary; to prepare or have prepared internal regulations or standard procedures for such committees, to determine and define their functions; to appoint or remove officers representing the credit sub-committee in other organizations.
- j) To examine periodically financial statements and appoint and empower under the Manager's recommendation authorized persons to handle banking accounts for the society.
- k) To move a motion or file the proposal, in conjunction with the Supervisory Committee, to the General Meeting or to the Registrar to liquidate the society whenever deemed necessary.
- l) To ensure that the society undertakes an external audit each year.
- m) Propose, establish and update all society policies.
- n) To keep detailed minutes of all its meetings containing the discussions held, the resolutions taken, and the record of the voting.
- o) To be the only body granting authority to use any society's assets as collateral for any external loan, subject to the Statutory and Regulatory provisions regarding maximum liability of a society.

- p) To make an annual return to the Registrar, in Form III set out under the Regulations.
- q) To authorize loans to the society, which are equal or more than 2% of fixed assets and 5% of net institutional capital of the society.
- r) To perform any other functions not specifically provided for in the previous Articles which are to be construed as not restrictive in nature and which may arise out of the scope of its functions.

ARTICLE 28: SPECIFIC FUNCTIONS AND RESPONSIBILITIES OF THE COMMITTEE

The committee shall be responsible for performing the following specific functions: -

- 1) Responsible for maintaining the Supervisory Committee trained and up-to-date with the society policies and processes.
- 2) To evaluate independently or with a Supervisory Committee, the performance of the society against specific financial indicators developed for the Savings and Credit Cooperative Societies' system.

a. To approve, review and evaluate annually policies regarding: -

- i) Asset and liability management
- ii) Investments
- iii) Cash management and liquidity
- iv) Shares, surplus and reserve management
- v) Loans
- vi) Control of delinquency and loan collection
- vii) Marketing and business plan
- viii) Suspension of members
- ix) Personnel management

b. To generate and review reports related to policies listed on item 2a) above.

c. To keep informed of and decide upon the loan applications of members internally linked to the society i.e. loan officers, committee members, Financial Society employees and their immediate family members.

d. To supervise permanently and with Management, the functions and responsibilities of loan officers.



ARTICLE 28b. RESPONSIBILITIES AND FUNCTIONS OF
BRANCH COMMITTEE — See page 28(a)

ARTICLE 29: COMMITTEE MEETINGS

- i) The Committee shall meet at least once a month, on the day and time set by written resolution.
- ii) The Committee may also meet regularly at the request of any of the Committee Members by written notice of the meeting notified at least 5 days in advance.
- iii) Any Committee member who misses meetings for three consecutive times, and the Committee is of the view that there was no clear reason; such a member may be suspended from the Committee.

ARTICLE 30: QUORUM

$\frac{2}{3}$ Committee members shall be required as quorum for the Committee Meeting.

ARTICLE 31: LEGAL REPRESENTATION

The Chairperson shall legally represent the society, or, with express approval of the Committee, such representation may be delegated to a Manager or other Committee Member and shall have power to perform the corresponding duties.

ARTICLE 32: LIABILITY OF THE COMMITTEE:

In the conduct of the affairs of the society, the Committee and every member thereof shall exercise prudence and diligence and shall be jointly and severally responsible for the loss sustained by the society through any act, which is contrary to the Law and Bylaws of the society or the direction of any General Meeting.

ARTICLE 33: TERM OF OFFICE

- i) Subject to the provisions of the Statute and the Regulations, the Committee shall hold office for two-year term, the out going Committee Members are eligible for re-election provided that no Committee Member shall serve for more than ~~3~~ ^{3 (Three)} consecutive terms.
- ii) However once a period equal to the time already served (4 years) has elapsed, they may be elected again.

A committee member may be removed from office before the expiry of his term of office under Regulation 25 and for any act contrary to these Bylaws.

ARTICLE 34: QUALIFICATIONS FOR BECOMING A COMMITTEE MEMBER

Subject to the provisions of Regulation 25(2) of the Regulations of 1992, no person shall be eligible for membership on a Committee of a Society or remain a member thereon if:

- i) He/she is under 18 years of age;
- ii) He/she is not a registered member of the society, or if he is not a member in good standing;
- iii) He/she receives any remuneration, salary or other payments from the society which has not been lawfully approved by resolution of the General Meeting;
- iv) He/she is in a business competing with the society;
- v) He/she is an un-discharged bankrupt;
- vi) He/she is of unsound mind;
- vii) He/she has been convicted in court of any offence involving dishonesty, or he/she is a dismissed employee of any Cooperative Society;
- viii) He/she has been removed from the Committee of a Society by the Registrar under section 51(5) of the Statute.



ARTICLE 35: IMPEDIMENTS AND PROHIBITIONS

To hold office as a Committee Member a person must be free of the following impediments and prohibitions:

- a) Blood relation, up to the 2nd degree, and marriage relation, up to the second degree, with any of the Savings and Credit Cooperative Society's employees.
- b) After completing 6 years of service in either the Committee or the Supervisory Committee, a person shall not be re-elected for any position (on the Committee or Supervisory) not until the same number of years have elapsed.
- c) Provided that there is no direct dependent working relationship, which is paid for by the Society to such a member.

- d) Commission of illegal acts, or any other act that may reflect negatively on the reputation of the Savings and Credit Cooperative Society.
- e) Delinquency in the payment of contractual obligations with the society.

ARTICLE 36: CONFLICT OF INTEREST: - DISCLOSURE AND EXCUSE

- i) Any Committee member having a potential interest or benefit, directly or indirectly, by association, partnership, or family relation, in any contract or matter involving the society shall disclose in writing, the existence of such interest and shall excuse himself from participating in the deliberations, negotiation and execution of such contract.
- ii) Failure to disclose shall result in the removal of such a Committee Member from office.

ARTICLE 37: SUSPENSION FROM THE COMMITTEE

Subject to the Provisions of the Statute and the Regulation, the Committee shall suspend any of its members if such Committee is satisfied that the member has:

- a) Persistently violated the provisions of the Statute, Regulations or these Bylaws.
- b) Engaged into business competitive to that of the society.
- c) Missed 3 consecutive Committee meetings as provided under Article 29 of these Bylaws.
- d) Lost any of the qualifications or/and is affected by any of the impediments and prohibitions as provided under Articles 33 and 34 of these Bylaws.

ARTICLE 38: PAYMENT FOR SERVICES, STIPENDS

- i) Members of the Committee and Supervisory Committee shall not receive any salary for services to the society; however, they may receive refund of expenses incurred while performing work for the society, consistent with Section 76 of the Statute.
- ii) The Committee shall propose to the General Meeting, which shall approve the maximum amount of such expenses.

ARTICLE 39: VACANCIES

Until a member is appointed on the Committee or Supervisory Committee at the next General Meeting, the Committee or Supervisory Committee shall appoint a member of the Society who meets the qualifications to fill any vacancy occurring on the Committee or Supervisory Committee within 30 days by vote of a simple majority of the remaining Committee members. The committee or supervisory committee shall appoint these members independently.

ARTICLE 40: RESTRICTIONS ON GUARANTEES

While in office or work relationship, no Committee Member or society employee may guarantee or cosign other members loan agreements, except in case of immediate family members.

CHAPTER 6

SUPERVISORY COMMITTEE



ARTICLE 41: AUTHORITY

- i) Without intervening in the administrative function subject to its control and supervision, the Supervisory Committee is permanently responsible for the society's compliance and internal control and oversight.
- ii) It is also responsible for the truth and accuracy of the society's financial condition, and for making sure that the society's administrative practices and procedures are adequate to safe guard the members' and institution's rights and interests.
- iii) The Supervisory Committee is answerable to the General Meeting.

ARTICLE 42: ELECTIONS AND CONDITIONS

- i) The Annual General Meeting shall elect a Supervisory Committee consisting of 3 members.
- ii) Conditions regarding its structure, terms of office, qualifications, re-election, and filling of vacancies shall be the same as those applicable to the Committee.
- iii) Impediments and prohibitions provided for under Article 34 of these Bylaws shall likewise apply to the Supervisory Committee.
- iv) The required quorum to conduct the Supervisory Committee meeting shall be 2 members.

ARTICLE 43: FUNCTIONS AND RESPONSIBILITIES

The following are the powers and duties of the Supervisory Committee:

- i) To make sure that the Society complies with the Statute, Regulations, these Bylaws, And Annual General Meeting Resolutions and Policies of the Committee.
- ii) To oversee the performance of the Committee and the society Manager
- iii) To examine the society operations as frequently as necessary, and at least once a month, submit reports of its findings and recommendations to the Committee.
- iv) To present at the Annual General Meeting its opinion on the financial statements presented by the Committee.
- v) To request the Committee to propose to the General Meeting contracting professional external audit services subject to the Registrar's approval, or to propose that the Registrar perform such services, and to make sure that Auditor's recommendations are implemented.
- vi) To evaluate internal operations and controls (policies and procedures) at least once a month and make accounting and procedural recommendations regarding such internal controls.
- vii) To examine ledgers, documents, accounts, statements, passbooks, perform cash audits, requests for trial balances and verifies securities, any time it deems so necessary.
- viii) To evaluate independently or together with the Committee and /or with the Management, the financial performance of the society against specific indicators developed by the system.
- ix) To take care and process all verbal or written complaints filed by the members and inform the results of its findings to the Committee and concerned parties.
- x) To monitor and evaluate the performance of the interest rates on savings shares and loans.
- xi) To submit to the General Meeting a report on the Committee's activities.
- xii) To make with the Committee a joint suggestion to the Annual General Meeting or the Registrar to liquidate the society when deemed necessary.

ARTICLE 44: LIABILITY OF SUPERVISORY COMMITTEE

- i) In spite of its total independence from the society's administration, the Supervisory Committee members are jointly liable with them for the non-performance of duties, whether resulting from the lack of supervision or negligence in noticing illegal and fraudulent acts.
- ii) The liability of the Supervisory Committee shall be to the same extent as for the Committee, as stipulated under Article 32.

CHAPTER 7

PROCEDURE FOR THE REMOVAL OF COMMITTEE MEMBERS: ADMINISTRATIVE INQUEST

ARTICLE 45: ADMINISTRATIVE INQUEST

Ex-officio or a written formal announcement against the acts of a Committee Member presented by any member to the Supervisory Committee shall be referred to an Administrative Inquest Commission in charge of organizing the appropriate administrative inquest. Such Commission shall be made up of a member of the Committee, the Supervisory Committee, and an active society member, all appointed by the Committee and seconded by the membership.

ARTICLE 46: PROCEDURE

The Supervisory Committee will immediately submit their allegation, with the background information, to the Committee for the corresponding constitution of the Administrative Inquest Commission. The Commission shall then proceed to summon the Committee Member with the allegation, giving him/her a 20-day term to submit his/her defense. In addition, the Commission will organize the Inquest the findings/report to substantiate the evidence found and establish whether they are good grounds or not to proceed against the Committee Member for his/her removal.

ARTICLE 47: RULING

After the 20-day period the Inquest Commission will rule whether the allegations against the Committee Member has sound bases or not. If the allegation is well founded the Inquest Commission will order the suspension of the Committee Member from office. For the final decision and permanent removal of the Committee Member, the Inquest Commission will take the allegation before the General Meeting.

ARTICLE 48: CRIMINAL OFFENSES

Should the allegation involve any criminal offenses the Administrative Inquest Commission, independently from initiating the removal procedures, shall also inform the Registrar for the corresponding legal action.

ARTICLE 49: APPEAL

The motion of appeal, together with its written bases, may be filed with the following General Meeting.

CHAPTER 8

MANAGEMENT

ARTICLE 50: MANAGERIAL AUTHORITY

The Committee Members shall appoint a Manager who shall be the society's main administrative officer and will be in charge of the society's day-to-day operations. The Manager shall perform these functions by delegation of the Committee and under its direction, control, and supervision.

To hold office as a Manager, the person shall be free from the Impediments and Prohibitions as provided under Article 34(a), (d) and (e) of these bylaws.

ARTICLE 51: MANAGERIAL FUNCTIONS

Subject to the authority given and the restrictions imposed on the position, the manager shall: -

- a) Carry out implement and enforce all policies.
- b) Prepare and propose to the Committee policies and policy changes, internal practices and administrative procedures.
- c) Prepare a business plan and budget, making sure that they are carried out and in case of any change or modifications there to, informing the Committee and requesting the respective approval.
- d) Represent the society in business transactions and in any other transactions delegated by the Committee.
- e) Prepare and present to the Committee evaluation reports on financial performance and budget compliance, as well as monthly and quarterly and annual reports, as requested in terms of manner, issue, and opportunity.

- f) ✖ Authorize and effect budgeted expenditures, and signs all society notes, cheques and orders for the disbursement of the society's funds.
- g) Prepare and maintain full records of all assets and liabilities, funds and securities, and meet the requirements for their insurance coverage.
- h) Prepare and forward to the Registrar such reports as may be required and keep society books and records according to Generally Accepted Accounting Principles (GAAP), and required statutory provisions.
- i) Manage society personnel according to approved policies, plans and budgets, as well as labor legislation. Participate in hiring of Branch Managers, and supervising them.
- j) Implement the Annual General Meetings decisions, as well as the recommendations made by the Supervisory Committee and External Auditors and the Registrar.
- k) Direct and supervise the administration and processing of the loan applications by the loan officers.
- l) According to Article 27c, Management will establish a pricing strategy for products and services.



The interest rate structure shall seek a balance between loans available to the members and the long-term viability of the society. For this purpose, society Management shall consider the following aspects: -

- i) Costs, particularly those related to savings mobilization future liabilities, allowance for loan losses, employee benefits, management costs, and other costs.
- ii) The capital reserves that is essential for the society's long term viability and future growth, both of which have an effect over the loans portfolios efficiency and pricing.
- iii) The competitions pricing structure, given the competitive nature of the financial market.
- m) Perform any function consistent with the Statute, Regulations, Written policies, these Bylaws and those assigned by the Committee or present themselves through the administration of the society.
- n) The ultimate responsibility for the overall proper and businesslike direction of the affairs of the society remains collectively with the Committee.

ARTICLE 52: REMUNERATION

The Committee shall authorize remuneration of the Society Manager. Remuneration of the branch manager and other employees shall be established in the budget, and shall be subject to labor market standards, cost/benefit and society capabilities.

On the advise of the Manager, the Committee shall decide the terms of employment for the employees.

CHAPTER 9

FINANCIAL YEAR, RESULTS AND APPLICATIONS OF OPERATIONS

ARTICLE 53: FINANCIAL YEAR

The society's financial and accounting period will close on ... 31ST DECEMBER of each calendar year.



ARTICLE 54: BOOKS, RECORDS, and ACCOUNTING

The society's transactions, methods, practices, including accounting books and record keeping, shall be carried out according to Generally Accepted Accounting Principles (GAAP).

Documents regarding the society's financial conditions and performance shall be fully and fairly disclosed.

ARTICLE 55: ALLOWANCES, CHARGE-OFFs AND COLLECTIONS

The society shall set up, up to date monthly loan loss reserve. Such reserves shall be based on 35% of loans delinquent from 1-12 months and 100% of loans delinquent more than 12 months, based on the remaining balance of the loans.

Loans delinquent for more than 12 months should be charged off at least quarterly. Nevertheless, the society will continue with debt collection until the obligations have been paid or all means of collection have been exhausted.

The allowance for loan losses shall be used only for its intended purpose.

ARTICLE 56: GENERAL RESERVES

The society shall maintain or replace as appropriate a general institutional capital reserve equal to 10% of its total assets. Such reserves cannot be in any way distributed, except in the case of the society's dissolution.

ARTICLE 57: DEPOSIT OF FUNDS

The society's funds shall be deposited in Banks; Financial Organizations or Institutions approved, controlled and supervised by the State, consistent with the investment policies approved by the Committee.

ARTICLE 58: INTEREST RATES ON LOANS

The society shall keep members informed of the effective annual interest rates charged on loans. All society supporting documentation shall reflect the final cost for the borrower, so as to allow members make an educated decision and assume a well-defined obligation.

ARTICLE 59: INTEREST RATE ON DEPOSITS

As mentioned above the society shall keep members informed of the effective interest rates payable to different savings and deposit transactions allowing the members make educated decisions.

CHAPTER 10

ARTICLE 60: DISSOLUTION AND LIQUIDATION

The society shall be dissolved or liquidated for any of the causes set forth in Section 55-68 of the Statute and following the procedures mandated by those provisions regarding this matter, and/or by the decision of the General Meeting of the members, where upon notice shall be given to the Registrar within 14 days.



CHAPTER 11

GENERAL PROVISIONS

ARTICLE 61: CONFIDENTIALITY

- i) Employees, Committee members and members of the Sub-committees shall keep confidential the information regarding the members transactions with the society, as well as all information regarding the society's interests.

Such information may be disclosed only through the channels authorized by the Statute, Regulations, and these Bylaws.

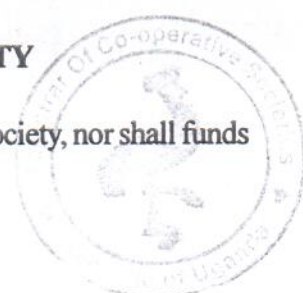
- ii) The exchange of information between the Society and Financial Institutions regarding the members Credit History, whether through regulatory or professional agencies authorized to handle such information is not subject to the above-mentioned provision.
- iii) In case of breach of confidentiality, besides the resulting action for the resulting damages, the concerned party shall be removed from office or his/her employment terminated.

ARTICLE 62: FIDELITY BOND COVERAGE

Within society's possibilities, any employee responsible for the careful and diligent handling of the Society property, collection and disbursement of money, or having custody of the Society property, shall be bonded as required by the Statute or by the Committee Policy.

ARTICLE 63: POLITICAL AND RELIGIOUS NEUTRALITY

Political or religious issues shall not be topics of discussion at the Society, nor shall funds be used for campaigns of such, or similar nature.



ARTICLE 64: VESTED RIGHTS

Should the Committee in any way modify the Share Certificate par value, those members having paid a share for an amount less than the new par value shall not be required to pay in as long as those persons meet the membership criteria.

ARTICLE 65: FINES

For any breach of these Bylaws, Policies and Procedures, such a member shall be fined an amount not exceeding Shillings ~~1,000.00~~. For each offence subject to provision of Section 31 of the Statute.

ARTICLE 66: COMMON SEAL

The Society shall adopt and maintain a Common Seal bearing the words:

Seal of... UGANDA AGRIDEPT.....
 Cooperative Savings and Credit Society Limited, Registered Number 3355/Res

28. b. Responsibilities and Functions of Branch Committees;

At its inception in 1974, Uganda Agridept as a National Society resolved to establish branches in various parts of the country and has since been operating thus.

The branch Committees; ref. article 28-b

The branches shall operate as coordinating centers for members at the district with the National Executive Committee (Board) and such branches shall **open collection Bank Accounts** for banking all the members monthly collections. They are an integral part of the National Executive committee and do not act independently in any way.

The following are their functions and responsibilities;

- To mobilize and recruit new members into the society.
- To carry out sensitization and training about the role of Uganda Agridept cs & cs ltd to all existing and potential new members.
- To collect monthly deductions from the Chief Administration offices (CAO's) and remit the same to the society head office.
- To pre-appraise and recommend loan applications to the National Credit Committee.
- To visit and prepare reports about members' projects.
- To prepare branch annual reports and propose recommendations to the Board.

SCHEDULE FORM 11

THE COOPERATIVE SOCIETIES REGULATIONS 1992 Reg 8(3)

TO THE REGISTRAR OF COOPERATIVE SOCIETIES
P.O. BOX 7103
KAMPALA

Dear Sir,

CERTIFICATE OF AMENDMENT OF BYLAWS OF THE SOCIETY

We the Undersigned hereby certify that:

a) The enclosed amendment of the Bylaws of UGANDA
AGRIDEPT COOPERATIVE SAVINGS AND CREDIT SOCIETY
LIMITED;

b) Of the 30 members of the society of UGANDA
AGRIDEPT COOPERATIVE SAVINGS AND
CREDIT SOCIETY LTD who were present to the meeting;

c) 30 Members voted for the amendment(s):

.....
.....
.....
.....
.....



d) Written notice of the meeting and the proposed amended Bylaw was served on
all the members of the Society on the 25th Day of
MAY 2006, and the registration for voting was dully signed
by every member present.

Chairman

Treasurer

Manager

UGANDA AGRIDEPT COOPERATIVE
SAVINGS AND CREDIT SOCIETY LIMITED



Dated this 8th day of FEB. 2007

ARTICLE 67: RESOLVING DISPUTES:

The Society shall resolve disputes in accordance with Article 46 - 50 of these Bylaws in the event of which Section 72 of the Statute shall apply.

ARTICLE 68: AMENDMENTS

These Bylaws shall only be amended in accordance with Regulation 8 of the Regulations of 1992.

ARTICLE 69: INTERPRETATION OF THE BYLAWS

Any discrepancy in the interpretation of these Bylaws shall be resolved jointly by the majority vote on the Committee and Supervisory Committee, and shall take into account Society legislation and Doctrine.

-) In the event that no agreement can be reached, the Society shall call upon the Registrar's ruling.



RECOMMENDED FOR REGISTRATION

[Handwritten Signature]
DISTRICT COOPERATIVE OFFICER
WAKISO
DATE 14/02/07
DISTRICT COOPERATIVE/COMMERCIAL OFFICER

I certify that the above Bylaws of

Uganda Agridept

..... Cooperative Savings and Credit Society Limited are not contrary to Provisions of the Cooperative Societies Statute 1991 or the Regulations made thereunder and hereby register the Society.

Registered No. 3355

Date 23rd July 1988

M ALUAKUSABI EDYANU ELOHU

Signature



REGISTRAR OF COOPERATIVE SOCIETIES

Articles 3(a), (c), 7(d) 16, 18(iv), 26, 28(b), 30, 53, 65 and 66 amended w.e.f 05/04/07

