



# HANDBOOK ON CO-OPERATIVE FORMATION AND MANAGEMENT, 2021.

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# ACRONYMS

<b>AGM</b>	Annual General Meeting
<b>NAWOU</b>	National Association of Women's Organisations in Uganda
<b>SACCO</b>	Savings and Credit Co-operatives
<b>UCA</b>	Uganda Co-operative Alliance

# ACKNOWLEDGEMENT.

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The National Association of Women’s Organisations in Uganda (NAWOU), with support from We Effect is implementing a project titled Harnessing Women and Youth Potential to contribute to enhanced rights of women, men and young people. NAWOU is an umbrella of women-led and women founded agencies in Uganda. Under the We Effect partnership, NAWOU is a technical partner offering expertise to core partners who include co-operatives in the areas of **gender equality, including women’s land rights, financial services targeting underserved segments of society, environment and climate change mitigation.**

This handbook provides information relating to the essential things to know about co-operatives for all those who are interested as members, future members, politicians or staff of national or international institutions in charge of the promotion and development of co-operatives. In simple, understandable language, the handbook deals in turn with the characteristic features of co-operatives, co-operative enterprise as a whole, the promotion of co-operatives

NAWOU also believes that beyond the project, this handbook shall be a resource that different stakeholders can put to use. This handbook has been developed with support from We Effect and edited by Monica Emiru Enyou, the Executive Director of NAWOU.

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## 1.1: Introduction.

The International Co-operative Alliance, a non-governmental organisation which is the umbrella organisation for co-operatives worldwide, defines co-operatives as an “autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise”<sup>1</sup>. The purpose of a co-operative is to allow individuals to come together and pool their resources in order to reach a common goal, which would be difficult for them to achieve as individuals.

Co-operatives are enterprises which help their members cooperate together to solve problems they have in common. The members of co-operatives can be natural persons or corporate bodies. Co-operatives of corporate bodies can represent an effective form of commercial cooperation in the same way as, for example, networking, strategic partnerships and franchising<sup>2</sup>.

## 1.2: What is a Co-operative?

A Co-operative is a democratic form of business, organised, owned and controlled by its members, and where all members have an equal say in how the organisation is run for the promotion of their economic interests.

A co-operative can be active in almost any field where there is a group with fairly homogeneous and common needs. Thus:

- Where the members are farmers, the benefits will include quality inputs at fair (equitable) prices and economies of scale in adding value to, marketing and distributing produce;
- Where the members are consumers, the benefits will include the availability of goods at fair (equitable) prices;
- Where the members are independent retailers, the benefits will include economies in marketing and distribution, and greater common buying power;

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<sup>1</sup> *Statement on the Co-operative Identity by the International Co-operative Alliance (1995)*

<sup>2</sup> *Franchising is a contract whereby one enterprise authorizes another to use its name and trademark to market products or services.*

- Where the members are workers, the benefits will include participation in the management of their enterprise and a fair (equitable) reward for their labour;
- Where the members are primary producers, the benefits will include access for their produce and more control over the added value;
- Where the members are savers or borrowers, the benefits will include a fair return on their savings and access to credit at a fair (equitable) interest rate.

**Source: European Commission, Co-operatives in Enterprise Europe (Brussels, 2001)**

### **1.3: Main Objective of Co-operatives Formation**

The main objective for people to set up or join a co-operative is to improve their economic as well as their social status through joint action for the good of all members. However, every co-operative must accomplish this in a businesslike manner if it is to survive, grow and become sustainable.

### **1.4: Characteristics of Co-operatives.**

Co-operatives all over the world have common characteristics such as:

1. Members come together because of common interest
2. Members pursue the goal of improving their economic and social situation through joint actions
3. Members use a jointly owned and operated unit, which provides them with services and goods.

#### ***The Co-operative Identity:***

*Co-operatives are distinct from other forms of businesses because of universal identity based on the following principles and values*

## **1.5: The seven Co-operative Principles.**

### **1.5.1: First Principle: Voluntary and open membership:**

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

### **1.5.2: Second Principle: Democratic member control:**

Co-operatives are democratic organisations controlled by their members who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights by virtue of the “one member, one vote” rule.

### **1.5.3: Third Principle: Member economic participation:**

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership.

Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; rewarding members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

### **1.5.4: Fourth Principle: Autonomy and independence:**

Co-operatives are autonomous, self-help organisations 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 that ensure democratic control by their members and maintain their co-operative autonomy.

### **1.5.5: Fifth Principle: Education, training and information:**

Co-operatives provide education and training for their members, elected representatives, managers and employees so that they can contribute



effectively to the development of their co-operatives. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of co-operation.

### **1.5.6: Sixth Principle: Cooperation among Co-operatives:**

Co-operatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

### **1.5.7: Seventh Principle: Concern for Community:**

Co-operatives work for the sustainable development of their communities through policies approved by their members.



## **1.6: Values**

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

## 1.7: Types of Co-operatives

Co-operatives can be classified in two categories: those offering services to their members (credit unions, consumer co-operatives, housing co-operatives, agricultural co-operatives, etc.) and those whose aim is to provide jobs for their members, the worker cooperatives (producer co-operatives and labour co-operatives).

There are many types of co-operatives e.g. marketing, consumer, producer, financial, service and workers co-operatives, housing, etc.

- i. Marketing co-operatives market farmers' produce such as coffee, maize, beans, matooke, livestock, etc. Members sell their produce through their co-operative and benefit from the economies of scale. By so doing, they get a better price for their produce.
- ii. Consumer co-operatives provide goods and services to their members at competitive prices.
- iii. Producer co-operatives are where members work together to produce or manufacture a product and sometimes market it together.
- iv. Financial co-operatives such as Savings and Credit Co-operatives (SACCO), co-operative village banks, co-operative insurance societies, co-operative banks, etc. provide financial services.
- v. Service co-operatives provide services such as housing, health care, funerals, day care, water, power and energy and many other services. Usually, people go for services from such co-operatives in order to benefit from lower prices, better quality or when existing services are inadequate. Under this, there is no limit as to the kind of services that people can provide themselves with under a co-operative arrangement.
- vi. Worker's co-operatives are co-operatives which are owned by the people who also work for the same organisation. This type of co-operatives is relatively new globally but is gaining popularity as co-operatives under it have proved quite successful.

From the above, 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 the co-operative model a very powerful tool for

empowerment of its members.

### **1.8: Why form Co-operatives?**

Co-operatives are one way a group of people can work together to solve problems facing them. These may include:

- i. To meet certain needs such as financial services and many others.
- ii. To fight exploitation by the powerful individuals or institutions by pooling their own resources to meet their needs.
- iii. To fight unemployment.

### **1.9: Essential Conditions for the Success of a Co-operative**

- i. 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.
- ii. 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 interests and needs of members as well as entrepreneurial goals of the co-operative.
- iii. The structure and management of the co-operative should correspond to the capabilities of its members.
- iv. Members should participate both as members and users. Members have both rights and obligations of participating in goal setting, decision-making and control or evaluation processes of their co-operatives. Members should decide upon the services to be provided and benefit from what is produced or obtained by the co-operative. There should be incentives for them to contribute their own resources (capital, labour, produce, knowledge/expertise, etc.) to the development of co-operative. A major reason for failure is lack of full member participation.

## **1.10: Legal Basis of Co-operatives**

In Uganda, Co-operatives are legal organisations registered and governed under the Co-operative societies Act Cap 112 while their operations are governed under the Co-operative societies Regulations 1992. While these laws create a legal environment under which co-operatives have to operate, co-operatives prepare their own by-laws (that fall within the provisions of the laws) under which they handle their day-to-day operations.

## **1.11: Steps in the formation of a Co-operative**

Though there are many and varied ways of forming a co-operative, the following steps are the most commonly followed:

- i. Developing the idea
- ii. Conducting a feasibility/ viability study of the proposed co-operative
- iii. Recruiting members and setting up leadership structures for the co-operative
- iv. Registering the co-operative
- v. Managing the co-operative
- vi. Evaluating the co-operative

### **1.11.1: Step 1. Developing the Idea**

A co-operative should always be the product of a group of peoples' needs, desires and ideas. The first step in forming a co-operative therefore, is to get a group of people to talk about the possibility of forming a co-operative to solve their problems.

### **1.11.2: Step 2. Conducting a feasibility and viability study of the proposed Co-operative**

- i. Establish what would be required to start and cover the operating costs of the proposed co-operative before it starts earning its own income.
- ii. Determine how the running and operating costs of the co-operative

will be met

- iii. Find other people who share into the idea and therefore would be willing to join the co-operative and whether they would meet the entry requirements including paying membership fees and share capital
- iv. Determine which area the proposed co-operative would operate in (preferably a sub-county level)
- v. Check on other players in the area dealing in similar business to the one being proposed for the co-operative to find out how they are operating
- vi. Consulting with the district co-operative office or Uganda Co-operative Alliance (UCA) district branch for guidance and refinement of the idea

### **1.11.3: Step 3. Recruiting members**

Once the group promoting the co-operative has completed step 2 above, it will have to embark on the exercise of recruiting more members. The following will be the main activities involved in this exercise:

- i. The people initiating the idea / promoters form a taskforce to propagate and sell the idea to many other members of the community. The Taskforce should register the people 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
- ii. The taskforce should carry out more mobilization for the co-operative this time listing all people who express their commitment to becoming members of the co-operative
- iii. The taskforce should, with assistance from the district co-operative officers draft by-laws for the co-operative. The task force may use the model bylaws, which have been prepared by the or by the Co-operative Department or Uganda Co-operative Savings and Credit Union/SACCO; UCA. In addition, the taskforce should prepare proposals for the name of the co-operative, the location of its head office, minimum share capital for members and membership fees, explore possible premises, etc

- iv. Once the taskforce has mobilised a reasonable number of people (their membership fees should be sufficient to cover the running costs of the co-operative before it starts earning income from its operations) willing to become members, a meeting of all the listed potential members should be convened to do the following:
- Elect an interim committee (leaders) made up of the Chairman, the Vice Chairman, Secretary, Treasurer and Committee Members who should include representatives of women and the youth. The interim committee shall be responsible for steering the process of forming the co-operative. The Interim Committee Members will hold office until the co-operative's first General Meeting (within 3 months after registration) at which the members will elect a new and substantive Committee. The committee may be 5 – 9 members but for efficiency, effectiveness and cost considerations, a small committee is recommended.
  - The area to be covered by the co-operative's operations, which should be large enough to ensure a reasonable number of potential members, mass of economic activities but at the same time, maintaining the cohesiveness of the community or community spirit all of which make the co-operative feasible and viable.
  - Finding a name for the co-operative
  - Specifying the qualifications for membership and how to become a member
  - Deciding on the membership fees, share capital.
  - Deciding on the location of the co-operative society offices,
  - Preparing the bylaws
- v. The Interim Committee should obtain the necessary stationery and start collecting the co-operative members' contributions (share capital and membership fees) from people interested in becoming members of the co-operative. This is the main source of financing and as such the committee must see to it that the contributions are sufficient to cover costs and run the business of the co-operative. The community



and co-operative development officers should be helpful in this matter.

- vi. With the assistance of the District Co-operative Officer, the Interim Committee should open a bank account in the nearest and most convenient commercial bank or a successful SACCO society to keep the co-operative's money safely.
- vii. The Interim Committee should conduct more public mobilisation and sensitisation to generate awareness among potential members at the parish level in an effort to recruit more members. When the co-operative raises at least 200 fully paid-up members (though a co-operative can be formed and registered when it has a minimum of 30 members, a relatively bigger number of members is necessary if it is to become a viable co-operative), it should commence formal operations, i.e. recruit a fulltime manager, acquire office premises and open for front office operations. Co-operative membership payments should basically include membership fees and share capital. Though members are free to fix the rates for membership fees and share capital, the following are recommended:
  - Membership fees should be at least Shs 5,000 per person being a one-time payment. This is to help the co-operative raise money to finance its operations before it starts earning any income from its operations.
  - Every person who has paid a membership fee should buy at least one share of the co-operative to become its owner and therefore a full member. Though the face value of the co-operative's shares can vary as determined by the members. The minimum share value of Shs. 20,000 is recommended as this is high enough to enable the co-operative raise reasonable amount of capital to start operations. Members are however free to buy as many shares as they wish as long as one does not buy more than 1/3 of the total shares. This money may be paid in a single lump or short-term installments depending on the capacities of members.
- viii. When a co-operative commences formal operations, it can start providing a range of services for which it was formed.
- ix. The interim committee should follow-up on the registration of the co-

operative with the relevant authorities (see Section 3 for details on Registration of co-operatives)

- x. When registration has been done, the interim committee should convene the co-operative's first General Meeting to elect the leaders of the co-operative and attend to any other business in accordance with the co-operative's statute and regulations.

In this whole exercise, the Interim Committee should work closely with the co-operative officers in the area, UCA Field Officer and other well-established co-operatives in the area. All these should play a supportive role only. The people should be free to make their own decisions, which are in their best interests.

#### **1.11.4: Step 4. Registration of a Co-operative**

The registration of co-operatives is a responsibility of the Registrar of co-operatives who is based in the Ministry of Trade, Industry and Cooperatives. The interim committee therefore, must follow the laid down procedures for registration of the co-operative which include the following:

- i. Obtaining and completing the registration application forms (sample registration application forms are contained in the model bylaws for co-operatives)
- ii. Getting at least 30 members to sign the application for the purposes of registration.
- iii. Getting the district co-operative officer to prepare a recommendation letter to the Registrar (based on the co-operative's interim operating report). Normally this report is prepared after the co-operative has been in operation for some time 6 – 9 months and it should capture what the co-operative has been able to do and achieve within that period. However, depending on how well organised the group is, registration can be done before the expiry of the minimum 6 months operating period.
- iv. Forwarding the four sets of the above documents together with the registration fees (the current fee is Shs 50,000) to the Registrar as registration fees.

- v. The registration exercise at the Commissioner's office normally takes 2 – 14 days. The Registrar will then issue a registration certificate to the co-operative and endorse its bylaws

In addition to the recommendation, a bank account and registration fees, the co-operative should submit 3 copies of its by-laws after it has been registered by the Registrar, it becomes a registered Co-operative Society Ltd.

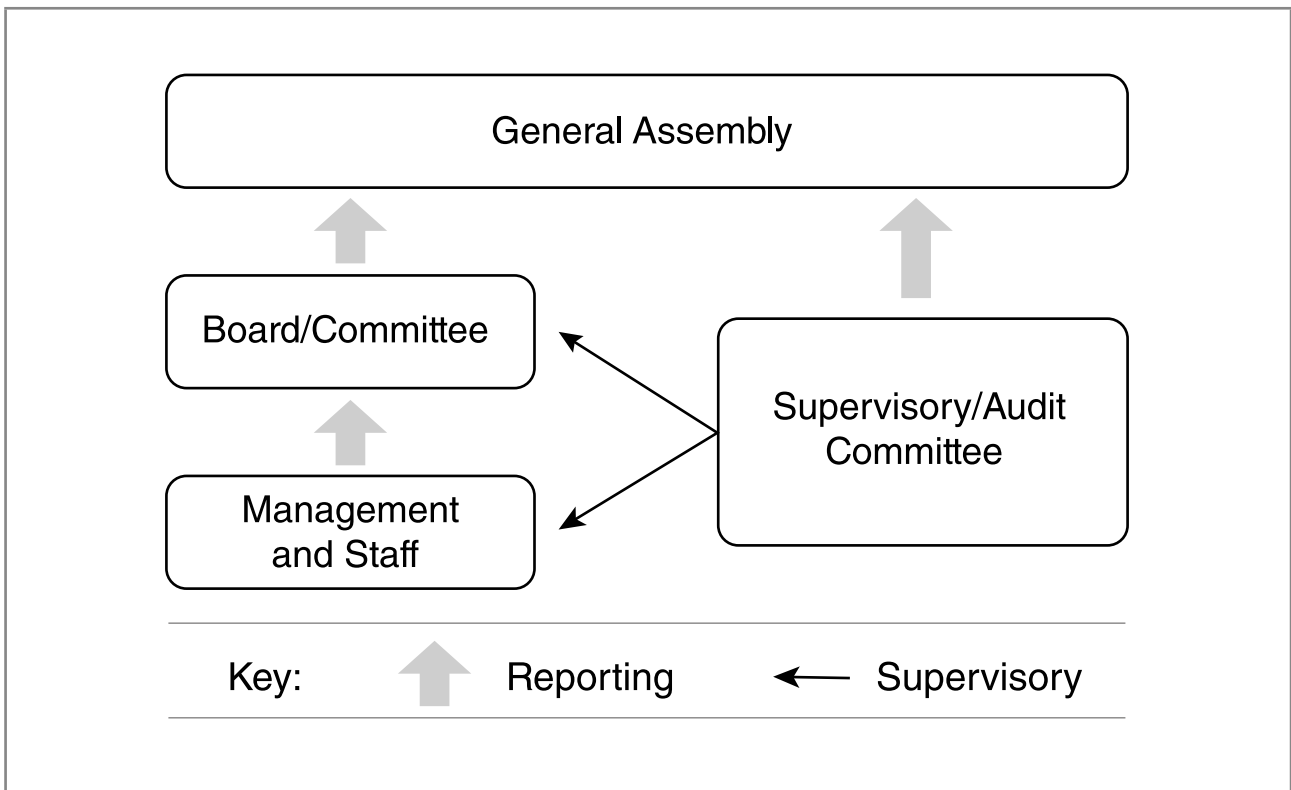
### **1.11.5: Co-operative Leadership / Governance and Management Structure**

In trying to develop a leadership/governance and management structure for their co-operative, the members may be guided by the following model, which also shows the reporting arrangements between the various organs. The basic structure of co-operative leadership and management has three parts or organs.

- i. The members of the co-operative society
- ii. The board/committees put in place by the members to lead their co-operative
- iii. The staff who are hired by the board/committee to handle the day – to – day operations

### **1.12: Model Leadership/Governance and Management Structure of a Co-operative**

- a) General Assembly:** Supreme authority of the Co-operative and made up of all fully paid-up members.
- b) Board/Committee:** Elected by the General Assembly and composed of 5 - 9 members with women and youth representatives.
- c) Supervisory/Audit Committee:** Elected by General Assembly and composed of two or three members one of whom must be a woman.
- d) Management and Staff:** Appointed and supervised by the Board



### **1.13: Duties and Responsibilities of the different organs in the leadership/governance and management structure.**

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 has to be assigned its duties and responsibilities. However, each will perform these duties and responsibilities in such a way that it complements the activities of other organs and lead 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 must function in tandem if the co-operative’s objectives are to be achieved.

#### **1.13.1: Annual General Meeting (AGM)**

General Assembly Supreme authority of the Co-operative and made up of all fully paid-up members.

#### **1.13.2: Board/Committee**

Elected by the General Assembly and composed of 5 - 9 members and must

include women and youth representatives. Supervisory/Audit committee Elected by General Assembly and composed of two or three members one of whom must be a woman. Management and staff appointed and supervised by the Board

**Composition:** All fully paid-up members of the Co-operative.

### **Duties and Responsibilities**

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

### **1.13.3: The Committee**

The Committee is the principal leadership / governance organ of the co-operative. As it is not practical for all the members of the organisation to keep oversight, the Committee directs the affairs of the co-operative on behalf of its general membership.

**Composition:** The Committee's composition is determined by the Annual General Meeting, which elects its members.

### **Duties and Responsibilities:**

- a) Defines mission /vision, strategic objectives, and policies of co-operative, and ensures that plans conform to them
- b) Reviews and approves business plans & budgets before presenting to AGM
- c) Supervises management in the execution of approved plans
- d) Mobilizes resources for the co-operative on behalf of the members
- e) Appoints, appraises and disciplines management
- f) Determines rate of interest, on management's advice.
- g) Monitors the activities of committees
- h) 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 with the authority of the AGM create a number of sub-committees like loans, planning/ evaluation, human resource; business development and disciplinary sub-committees to enable it do a better job

#### **1.13.4: Audit / Supervisory Committee**

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

#### **Composition:**

Two or three people elected by the AGM. The members must not be members of other committee(s) or any of its 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 youth.

#### **Duties and Responsibilities**



- a) Checks for consistencies in the co-operative's financial and operating records
- b) Authenticates the co-operative's financial reports
- c) Ensures that the co-operative's operating policies and procedures, and expenditure controls are followed
- d) Ensures prudent Asset and liquidity controls
- e) Regularly inspects books, records and transaction documents of the co-operative
- f) Monitors operations, especially the related financial documents and records.
- g) Checks operations of all co-operative's departments, managers and officers for compliance with the set policies, rules and standards.

#### **1.13.5: Management Staff Composition:**

Professional people hired by the committee and paid a salary or commission for their services.

#### **Duties and Responsibilities:**

Appointed and supervised by the board/committee, the management staff performs the following duties and responsibilities

- a) Translating the mission and objectives into actions.
- b) Preparing business plans, annual plans and budgets
- c) Maintaining books, records and accurate accounts
- d) Making periodic financial and operating reports
- e) Implementing policies and operating programmes of the co-operative

#### **1.13.6: The Auditor**

The auditor represents, for the entire membership of the co-operative, an aspect of financial control that is permanent and independent of the Board of Directors. Elected by the General Meeting, s/he presents a report and is answerable to it. The auditor has the right to convene it if s/he sees fit. His/

her role is limited to monitoring rather than managing. S/he can receive payment, the amount to be paid being set by the General Meeting.

#### **1.14: Importance of Separating Duties and Responsibilities of Leadership / Governance organs**

Each organ should effectively and efficiently execute its duties and responsibilities in accordance with the terms of reference laid down for it in the co-operative's by-laws. It should not usurp the powers of other organs in handling any of the co-operative's business. Where roles overlap, the committees should work in a collaborative way. The co-operative leadership/ governance and management structure should strictly define separation of duties and responsibilities of the organs. Particularly, the roles of the committee and those of management staff should be clear and respected. Similarly, members should refrain from trying to micro-manage the co-operative.

If separation is observed, it will create order and clarity within the co-operative's operations, reduce duplication and waste of resources and time, motivate operators and reduce possible conflicts.

#### **1.15: Indicators of good governance in a Co-operative.**

These are the guidelines that will ensure good governance by the leaders of a co-operative if it is to achieve its objective and most importantly, serve in the best interests of its members:

##### **1.15.1: Participation:**

Members' active participation in their own development is central for good, effective and efficient leadership and management. All women and men who are shareholders in any co-operative should have a voice in the decision-making process either directly or through the organs that represent them. Such participation should be fair and free of intimidation, duress or undue influence.

##### **1.15.2: Transparency:**

All processes, decisions and relevant information should be conducted in

a transparent manner and should be accessible to all those concerned.

Leadership/ governance and management organs should hold regular meetings to direct the affairs of their co-operative. The committee and its sub-committee (if any) should meet at least once a month and the while the Annual General Meeting must be held once a year and, in any case, not later than three (3) months after the close of the co-operative's financial year. For issues that require a special resolution, like changing the by-laws, all members should be invited and there has to be a joint resolution. Being the supervisory organ of the co-operative, the Audit Committee should meet regularly to provide close and effective supervision of the co-operative's operations and general business.

### **1.15.3: Accountability:**

All decision-makers; Committee members (including the loans committee members), Audit Committee and Management Staff must be accountable to their immediate supervisors or higher organs and ultimately, to the members (through the AGM) and their communities.

### **1.15.4: Consensus Orientation:**

There is bound to be differing interests, views and opinions by different people in a co-operative. It is therefore important to reach a broad consensus on all matters critical to the co-operative's operations. This will best be achieved through an all-inclusive participatory approach, transparent systems and operations, and full accountability to the shareholders. People in positions of power, like chairpersons, should be open to differing viewpoints.

### **1.15.5: Efficiency and Effectiveness:**

The governance and management organs of the co-operative must have policies, processes and procedures, which produce results. The results should meet the needs of members. In doing all this, the co-operative governance organs should make the best use of the resources available.

### **1.15.6: Equity (fairness to all)**

All members should have equal opportunities to benefit from the co-operative's services in order to improve their economic status and share in

the vision of the co-operative. They should therefore, be equally accorded the co-operative's opportunities and services. The basis for equitable participation could either be a combination of the members' share capital and patronage use of its services or any one of them as it may have been agreed upon. In the governance and management organs, none should be suppressed, ignored or shut up when they have suggestions

#### **1.15.7: Respect for Rules, Policies and Regulations:**

The legal framework and policies under which co-operatives are regulated and operate should be respected strictly, and impartially enforced. They should be made known to all members at all times. The co-operative's by-laws and any other operating policies and regulations should always be complied with.

#### **1.15.8: Strategic and Visionary Leadership:**

The co-operative must have leaders and managers who have a vision for and commitment to the organisation. The leaders and managers should seek and improve their institutions and do all that is necessary to satisfy the needs of their members and the communities in which they are based. Their character and past record should be free of any unprofessional reputation. Such leaders and managers need to have strategic thinking so that the affairs of the co-operative are managed with a sense of purpose

#### **1.15.9: Knowledge and Skill in Leadership and Management:**

The members of the governance and management organs should be knowledgeable and trainable in the matters of the co-operative's governance, management and operations. It would be good if all members of the governance and management committees (the committee, audit and management staff) were holders of Uganda Certificate of Education or higher professional qualifications

#### **1.15.10: Organisational Growth**

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



### **1.16: Organisational Vision, Mission, Goals, and Objectives.**

Every co-operative should have a clear statement of its vision, mission, goals and objectives in order for all those involved in its operations to know where it wishes to go and what it wishes to achieve, when and how.

### **1.17: 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 should develop a business plan. The business plan presents the future desired achievements and activities of the co-operative in a wholesome way. The effect of the business plan is to enable those charged with its governance and management to think ahead and determine how and when the co-operative will achieve its objectives.

### **1.18: Work plan and annual budgets**

This is a step-by-step approach in timing and scheduling the implementation of the various activities envisaged in the business plan for actualizing

the co-operative's mission, goals and objectives. Management should be guided in its day-to-day operations by approved annual work plans and budgets drawn in line with the co-operative's 3 – 5 year business plans. These should lead to the overall attainment of the co-operative's objectives, goals and mission.

### **1.19: Operating Guidelines, Policies and Procedures Manuals**

Manuals that set out the policies and procedures for each major aspect of the co-operative's operations are excellent leadership and management tools. They help the co-operative members, leaders and management staff on how to participate in or guide/direct or handle its operations. They also assist the Committee and Audit Committee monitoring and supervising the co-operative's operations. For example, the key manuals for SACCO would include the following (most of which are in stock at UCA):

- a) Accounting and Operating Policies Procedures Manual.
- b) Expenditure control and management.
- c) Internal Control Policies and Procedures Manual.
- d) Staff Policies and Procedures Manual.
- e) Committee Manual.
- f) Lending Policies and Guidelines Manual.
- g) Performance Standards Manual.
- h) Expected Reports and Reporting Formats.

*Each co-operative must have a reporting system, which ensures timely production of accurate periodical operating and financial reports. Such reports can be used in the regular and effective supervision, monitoring and evaluation of the co-operative's performance.*



## 1.20: The Role of Government.

The role of government is to create a conducive environment that will promote the growth of co-operatives, which are autonomous, self-financing, and self-reliant. More specifically, the role of government in developing co-operative is to create a good legal framework, good public policy on co-operatives, mobilize people to form or join co-operatives without promising any financial or material incentives, register co-operatives, strictly enforce the law and provide support for capacity-building purposes. Government should also support co-operative human resources development activities

**Note:**

*Local political leaders should to the extent possible, avoid being elected on the Interim Committee. They will serve best if they remain as its advisors and most important, community mobilizers.*



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