

VIEWS OF MEMBERS OF THE COOPERATIVE MOVEMENT AND OTHER STAKEHOLDERS ON THE COOPERATIVE SOCIETIES (AMENDMENT) ACT, 2014

No	Coop Act, Cap.112	Amendment Bill, 2014	Our view	Explanation	Resolutions
1	Introduction: An Act to amend and consolidate the law relating to the constitution and regulation of cooperative societies and for other matters connected therewith.	Introduction: An Act to amend the cooperative societies act, cap. 112, to strengthen regulation and supervision of all types of cooperatives, improve safety and soundness of savings and credit cooperatives, enhance cooperative identity and solidarity, promote member empowerment and improve governance within cooperatives for sustainability of cooperative enterprises, and for other related matters.	To read “to improve safety and soundness of all types/Nature of cooperatives”	The Bill to apply to all cooperatives not only SACCOs.	Based on the business Cooperatives do, Cooperators added “Nature”
2	S.1 (h): “Cooperative union” means a registered society under this Act, the membership of which is restricted to primary societies.	S.1(f): by substituting for the words “primary societies” for the words “secondary societies” and “tertiary societies”	We need to outline a structure of the cooperative movement that shall clarify this definition	It’s not consistent with cooperative structures. (Perhaps we need some form of clarification from the authors)	Need to define the capacity of Cooperatives based on the existing Cooperative structure
3	S.1 (r) New	S.1 (g)(i) “Secondary society means registered society under this Act, the membership of	To read “membership of which is	Need to be specific and quantify membership otherwise 1 primary	A committee that will be set up with UCA and that one

		which is restricted to primary society.	restricted to at least 2 or more primary societies”	society could easily form a secondary.	which will go to Parliament to harmonize on this
4	S.2(2)The registrar shall be a public officer responsible for providing and administering the services required by societies for their formation, organization, registration, operation and advancement and for carrying out the provision of this Act	S.2(2)Addition of the word de-registration	This is ok	De-registration can't come before registration	This was agreed by Cooperators to be fine
5	S.4((d)	Amendment 4 part (a)	Ignore proposed change	There is already an apex and in any case you can't have more than 1 apex (in the true meaning of the word apex) like the amendment intends to propose. This statement is actually not consistent with the next proposed amendment in 4 (b)	The status quo to be maintained
6	S.4(2) The Uganda Cooperative Alliance Ltd shall be the Apex body for all registered Cooperative societies	S.4(b) There shall be only one Apex society for all registered Cooperative societies	To read “there shall be only one apex society for all registered cooperative	The law needs to be specific since the Apex body already exists.	The status quo to be maintained

			societies to be known as Uganda Cooperative Alliance”		
7		Amendment 8 part (6)	To read “may in consultation with UCA call upon the society”	UCA to ensure the interests of the society are catered for.	The status quo to be maintained
8	S.13(1) (b) Be a resident within or in occupation of land within the society’s area of operation as prescribed by the relevant byelaws	S.13(1) (b) Silent	Repeal S.13(1) (b)	We propose repealing of section 13 1 (b) this is to allow for the evolving developments in the 21 st century cooperatives and to allow for innovation, knowledge transfer and to allow elites join and participate in cooperatives. Current developments in technology provides a lot of opportunities for participation beyond geographical presence and ownership of land. Land ownership disadvantages other people or sections like youth who do not own land. There are other	The status quo to be maintained

				activities around the value chains that people can be involved in. Special circumstances can be considered in the bylaws of the society. In any case it is already happening	
9		Amendment 9 part (b)		This contravenes the constitution of Uganda.	
10	S.16 No member of registered society shall exercise any of the rights of a member until he or she has made such payment to the society in respect of membership or has acquired such interest in the society as may be prescribed by any regulation made under this Act or by the bye laws of the society	S.16 Repealed and replaced with the following ; “16. Rights and obligations of members. (1) A member of a registered society shall not exercise any of the rights of a member until he or she has made such payment to the society in respect of membership or has acquired such interest in the society as may be prescribed by any regulations made under this Act or by the byelaws of the society. (2) A member of a cooperative society shall have a right to- (a) attend, participate and vote for decisions taken at all general meetings of the society;	To read “attend, participate and vote for decisions taken at all general meetings of the society subject to section 13 (2) of this act;	There shall be a conflict between the Act and the constitution of the republic of Uganda regarding age of majority.	The status quo to be maintained and these to appear in the regulation
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(b) be elected to organs of the society subject to its bye laws, policies and resolutions of the general meeting;

(c) enjoy the use of all facilities and services of the society subject to the society bye laws, policies and resolutions of the general meeting; and

(d) access all legitimate information relating to the society, including, internal regulations, registers, minutes of general meetings, supervisory committee reports, investigation and accounts at the society head office.

(3) A member shall- (a) observe and comply with all the society bye laws and decisions taken by the relevant organs of the cooperative society in accordance with the byelaws of the society;

(b) pay up for shares or make any other payments provided for in the bye laws of the society; and

(c) Meet the debts of the society in case of bankruptcy in accordance with the provisions of

		this Act and the bye laws of the society.”			
11	S.16	S.16 (2)(b)	To read “be elected to organs of the society subject to section 13Act (2) of this act, its bye laws, policies and resolutions of the general meeting”		The status quo to be maintained
12	S.17 No person shall be a member of more than one registered society with unlimited liability, and except with the written consent of the registrar, no person shall be a member of more than one registered society having the same or similar objects	S.17 Repeal	Stay the clause (no need to repeal)	This provision should be stayed to ensure that cooperatives grow. Membership should be restricted	Repealed and rather internal check approaches like CRB cards be adopted to check on multi borrowing in Cooperatives
13	S.18 (1) Each member of a registered society shall have one vote only as a member in the affairs of the registered society. (2) A registered society, a	Addition; S.18A & 18B Leadership and management of a society. (1) Every society shall have a board consisting of an odd number of members not less than five and not exceeding nine.	S.18(a) (5) Need to make a provision to define the term “fit and proper” test. What and who does it.	This test needs to be defined, who does it, what are the standards and what is the minimum score. The regulations could define this further or an alternative word. We could	<ul style="list-style-type: none"> • The status quo to be maintained but to be moved to the regulation. • There was need to stick to the Cooperative

<p>cooperative union or an apex society which is a member of any other registered society shall have as many votes as may be prescribed by the byelaws of the other society, and may, subject to those byelaws, appoint any number of its committee members, not exceeding the number of those votes, to exercise its voting power.</p>	<p>(2) The board shall be the governing body of the society and shall, subject to any direction from the general meeting or the bye laws of the society, direct the affairs of the society with powers to-</p> <p>(a) enter into contracts;</p> <p>(b) institute and defend suits and other legal proceedings brought in the name of or against the society; and</p> <p>(c) do all other things necessary to achieve the society's objects in accordance with its bye laws.</p> <p>(3) In the conduct of affairs of a cooperative society the members of the board shall exercise the prudence and diligence of an ordinary person of business and shall be held, jointly and severally liable for any losses sustained through any of their acts which are contrary to the Act, regulations, bye laws or directions of any general meeting of the cooperative society.</p>	<p>also delete this section and strengthen (4) above to provide for proper due diligence, back ground checks etc.</p>	<p>Ideology given its unique brand</p> <ul style="list-style-type: none"> • UCA to craft alternative avenues for • Social Audit is a key aspect to consider in this regard • Need for social impact assessment • UCA together with the Cooperative College to come up with Audit course to support the Cooperative Audits after graduation • ICAPU already working out modalities of closing the Audit fee costs being too high for Cooperatives • UCA to be at the lead for Cooperative Audit while the MITC to regulate
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(4) The board shall have the responsibility to appoint management who they should be able to monitor and supervise for the proper management of the society.

(5) A person appointed under subsection (4) to the management of a cooperative society shall be subjected to a fit and proper test.

(6) A person seeking election in a cooperative society shall be subjected to a vetting process by a vetting committee.

(7) A fit and proper test shall be done on all those vying to be board members of a cooperative society in accordance with the statement on cooperative identity and the laws of Uganda.

(8) Subject to subsections (5) and (6), the test shall be done through a vetting committee whose terms of service shall be spelt out in the regulations made under this Act.

(9) Other than qualifications that may be set from time to time with the approval of the Registrar- (a) a person shall be a member of a

		<p>board if he or she - (i) is a member of the cooperative society; (ii) is above the age of 18 years; (iii) is able to read and write; (iv) has not been adversely named by the Registrar in an inquiry report adopted by a general meeting for mismanagement or corrupt practices while a member of the board; (v) is not a member of parliament, district council, county council, sub county council, or city authority except where the society membership is composed of only such membership; (vi) is not an under charged bankrupt; (vii) is of sound mind; (viii) is not of blood relations with another person on the same board up to the second degree; (ix) is not a joint account holder in the case of a savings and credit cooperative society; (x) has not served on the board of a society for two consecutive terms of two years each;</p>			
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(xi) has not been serving on the board for an equivalent number of years he or she previously served;
(xii) is not part of a board which has failed to prepare accounts within the specified period as required by this Act, Regulations and the bye laws.

(10) For purposes of subsection (9) (a) (viii) a second degree relationship means a grandchild, grandmother or grandfather.

(11) A person shall automatically lose membership on the board of a secondary, tertiary or apex society, where his or her society ceases to be a member of that secondary, tertiary or apex society”.

“18B. Supervisory board.

(1) Save for the board of cooperative society provided for in section 18A of this Act, the annual general meeting shall be responsible for electing a supervisory board of three persons, which shall make, or cause to be made, regular examination of the accounts,

records, and affairs of the society and review the action of the officers, board, and credit committee for conformity with the law, regulations, bye laws, and policies of the society and is answerable to the annual general assembly.

(2) The supervisory board in consultation with the Registrar may call a special general meeting of the members to consider any violation of the law, regulations or bye laws, or any practice of the cooperative society considered by the board to be unsafe or unsound.

(3) The supervisory board shall be required to make a record of all its activities available for inspection by the Registrar and the society's auditors and shall present a report of its activities to the general meeting.

(4) Members of the supervisory board shall be subjected to the same provisions as in section 18A sub section (9) (a).

		(5) The supervisory committee shall inform the Registrar in writing within five working days of any recommendations on the management of the society”.			
14		S.18A (9)	To read “Other than qualifications that may be set from time to time by the General meeting with the approval of the Registrar”	The general meeting is the highest decision making body and should not be ignored or crowded out.	Can be put in the Regulation
15		S.18A (9)(a)(v)	Ignore amendment	It contravenes the freedom of association (this could contravene the constitution of the republic of Uganda and other laws with human rights)	The status quo to be maintained
16		S.18A(9)(a) (viii)	Add “unless membership is composed of only such membership”		The status quo to be maintained
17		S.18A (9)(a)(x)	Need to increase term	2 years is a bit short.	The status quo to be maintained

			of office to at least 3 years		
18	<p>S.22</p> <p>Audit, annual returns and accounts.</p> <p>(1) Every registered society shall cause its accounts to be audited at least once in every year by an auditor appointed by the annual general meeting and approved by the registrar, and the cost of the audit shall be borne by the society; except that—</p> <p>no auditor chosen by a registered society to audit its books shall perform that function for more than three annual audits in succession unless authorised by the registrar;</p>	<p>Section 22 of the principal Act is amended-</p> <p>(a) By inserting immediately after subsection (1) the following- “(1a) Notwithstanding subsection (1) the Registrar may be appointed to carryout audits of a registered society”.</p> <p>“(1b) The Registrar may also cause to be audited societies which have no capacity to audit and in that case the Registrar shall be the auditor”.</p> <p>“(1c) Every society shall give to the Registrar statistics of operations as may be required by the Registrar”.</p> <p>(b) by inserting immediately after subsection (2) the following- “(2a) In addition, social audits shall be conducted annually to look into the following components-</p> <p>(a) organization namely, a measurement of a cooperative society's fulfillment of its vision, mission and goals, feedback</p>	S.229(1)(a) Ignore proposed change	Why should a registrar appoint oneself besides the provision is not consistent with the Accountants Act because it's not automatic that the registrar will be a certified Accountant. We can borrow a leaf from the AG who pre-qualifies, and hires such auditors to perform audit functions for Government.	The status quo to be maintained

<p>where the registered society is unable to appoint its own auditors, the registrar may appoint the auditors.</p> <p>Audits shall be conducted in accordance with generally accepted professional audit standards and, in addition, include audit of management efficiency.</p> <p>The auditor shall at all times have access to all books, accounts, papers and securities of a registered society, and every officer of the society shall furnish such information in regard to the transactions and working of the society as the auditor may require.</p> <p>The auditor shall have power when necessary—</p> <p>to summon at the time of his or her audit any officer, agent,</p>	<p>mechanisms, code of good governance and ethical standards;</p> <p>·</p> <p>(b) membership namely, a measurement on how the cooperative society responds to the needs of members, observed governance practices, considered provision for benefits of members, and involved members in the affairs of the cooperative;</p> <p>(c) staff or employees namely, an assessment of the cooperative's fulfillment of the needs and welfare of the employees in terms of safety workplace and sanitation, including the provision for compensation and benefits;</p> <p>(d) cooperation among cooperatives namely, a measurement of the cooperative society's affiliations and linkages to federations or unions, the apex society and other cooperatives;</p> <p>(e) community and nation namely, those that determine the involvement of the cooperative society and its contributions to</p>			
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servant or member of the society whom he or she has reason to believe can give information in regard to the transactions of the society or the management of its affairs; or

to require the production of any book or document relating to the affairs of, or any cash or securities belonging to, the society by the officer, agent, servant or member in possession of that book, documents, cash or securities.

(5) Every auditor appointed under subsection (1) shall submit a detailed audit report of the accounts and balance sheet to the committee and a true copy of the accounts and balance sheet to the registrar three months after its financial year prepared in compliance with generally accepted

the community and nation, in general;

(f) network alliance and linkages namely, an assessment of how the cooperative society relates to other organizations and its collaborative programs”.

professional audit standards and, in addition, include the auditor's opinion on whether or not the business administration of the society has been conducted efficiently; in accordance with cooperative principles and the auditing and accounting provisions of this Act; and (c) in accordance with its objectives, byelaws and any other decisions made by the annual general meeting.

The audited accounts and balance sheet referred to in subsection (5) shall be open for inspection by any member of the public upon payment of such fee as may be fixed by the registrar.

Where a registered society fails to cause its accounts to be audited in accordance with subsections (1), (2) and (5), the committee of that society shall be deemed to have

19	<p>relinquished its office; and the registrar shall convene a special general meeting to elect a new committee unless the registrar is satisfied that the failure was due to circumstances beyond the committee's control.</p> <p>S.22</p>	S. 22 (1)(b)	Delete "and in that case the registrar shall be the auditor" and replace "by a recognized auditor"	Why should a registrar appoint oneself besides the provision is not constitute with the accountants act because its not automatic that the registrar will be a certified accountant	Can be put in the Regulation
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20		Amendment 16, section 29	Need to review S. 31 to 34 to take care of diversity of cooperatives beyond agriculture, protection of cooperatives and members rights and in view of the provision for membership beyond one cooperative under S.17.		Can be put in the Regulation
21	S.29 The Board of Directors of the Uganda Cooperative Alliance Ltd. shall, subject to the byelaws and any directions issued by the general meeting of the alliance—	Section 29 of the principal Act is amended by substituting for the words “Board of Directors of the Uganda Cooperative Alliance Ltd” the words “board of the apex society.”	We propose that the status quo remains since we still think it’s healthier to have one apex		The status quo to be maintained

22	<ul style="list-style-type: none"> consider and make recommendations to the Government on matters of policy relating to the cooperative movement; make representations to the Government as it may think fit in relation to any matter affecting registered cooperative societies in general or any particular registered society which those societies generally or any such society may request the board to bring to the notice of the Government; <p>(c) ‘carry out any other duty assigned to it under this Act.</p> <p>S.47 Reserve</p> <p>Every society which does or can derive a surplus from its transactions shall maintain a reserve fund.</p>	Section 47 of the principal Act is repealed	<p>body which is UCA. We delete the word DIRECTORS to take care of the equality principle and consistency</p> <p>Do not repeal the entire S.47, (1) and (3) should be maintained and then S.48</p>	Cooperatives still need to have reserves. It’s an international practice.	<ul style="list-style-type: none"> The status quo to be maintained. A provident Fund/Pension/Health Fund for the welfare of Cooperator as a product out of UCA
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A society with unlimited liability, which advances money or goods to any member in excess of money or goods deposited by him or her, shall carry at least one-fourth of the net surplus in each year to the reserve fund.

All societies other than societies referred to in subsection (2) shall carry to the reserve fund such portion of the net surplus in each year as may be prescribed by any regulations made under this Act or byelaws of the registered society.

Every society shall, with the approval of the registrar, establish a contributory provident fund for payment of pensions to its permanent employees at the time of their retirement.

amended in
light of an
amended S.47

initiative and the
Law

- Every member of a registered Cooperative will subscribe to it as prescribed in the byelaws

23	<p>S.49</p> <p>Contribution to education fund.</p> <ul style="list-style-type: none"> • There shall be a National Cooperative Education Fund to which every registered cooperative society shall contribute 1% per year of its turnover. • Fifty percent of the education fund set aside under subsection (1) shall be sent to the secondary society to which the society is affiliated, while the remaining 50 percent shall be retained by the society and used to carry out its own educational programmes. • In case of a secondary society, or a primary society not affiliated to any secondary society, 50 	<p>Replacement of section 49 of the principal Act. For section 49 of the principal Act, there is substituted the following-</p> <p>“49. Cooperative member education. (1) The commissioner cooperative development shall carry out cooperative member education.</p> <p>(2) The history, philosophy and practices as cooperatives and their role as a factor in the national economy shall be disseminated both in formal and non-formal education.</p> <p>(3) The role of private sector, non-governmental organizations and individuals engaged in cooperative promotion organization, research and education shall be accredited by the Registrar.</p> <p>(4) The Registrar may accredit such bodies or individuals as nonacademic training bodies.</p> <p>(5) The Registrar shall publish such a list from time to time.</p> <p>(6) Notwithstanding subsections (1) to (5), every registered</p>	<p>This entire section needs to be re-thought</p>	<p>It has many major inadequacies e.g.</p> <ul style="list-style-type: none"> • Why would the registrar and not the ministry be in-charge of cooperative education. • On what basis would the registrar accredit academic training bodies or individuals (what about NCHE) • Where does the money go and how is it allocated in (6) and why 5% and not 1% or 10% 	<ul style="list-style-type: none"> • UCA to initiate a drive towards educating the Cooperatives on the value of educating its members and leadership by providing for the 1% of their turn over • Operationalizing the remittance policy of the 1% to UCA be implemented • A strategy to implement the 1% remittance for education be set up and operationalized • The ministry to take lead in regulating • Establishment of an Education Fund to support the Cooperative education agenda and crafting suitable trainings that address challenges in the Cooperative movement • 50% of the 1% remitted to the provision for
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24	<p>percent of the education fund set aside under subsection (1) shall be sent to the Uganda Cooperative Alliance Ltd., while the remaining 50 percent of the fund shall be used by the secondary society or primary society to carry out its own educational programmes.</p> <ul style="list-style-type: none"> The Uganda Cooperative Alliance Ltd. shall make quarterly returns to the registrar accounting for collections and utilisation of the education fund. <p>S.52 . A committee of inquiry.</p> <p>The registrar in consultation with the board may hold an inquiry or direct a person authorised by him or her by order in writing in that behalf to hold an inquiry into the constitution, working and</p>	<p>cooperative society shall provide for five percent of its annual turnover in its budgets, funds for cooperative member education.</p> <p>(7) A cooperative society shall file annual education plans for the society to the registrar three months before the end of the financial year”.</p> <p>Section 52 of the principal Act is amended in subsection (1) by repealing the words “in consultation with the board”.</p>	<p>No need to repeal. Just re-state to read “Board of the UCA”</p>	<p>The status quo should be maintained</p>	<p>education and submitted to UCA as custodian and 50% remain at the Cooperative</p> <p>The status quo to be maintained</p>
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financial condition of a registered society.

On receipt of a resolution demanding an inquiry passed by not less than two-thirds of the members present at a general meeting of the society which has been duly advertised, the registrar in consultation with the board shall cause such an inquiry.

During the period of inquiry referred to in subsections (1) and (2), the chief executive and other officers or employees may be suspended from duty by the registrar as he or she may deem necessary to facilitate the smooth holding of the inquiry.

Where the chief executive has been suspended in accordance with subsection (3), a caretaker manager shall be appointed by the registrar in consultation with the board.

The caretaker manager shall remain in office until either the former chief executive is reinstated or a new one is appointed; except that he or she shall not stay in that office for more than three months after the report of the committee of inquiry has been submitted.

If during the course of inquiry cause arises to dissolve the committee of the society, the registrar, in consultation with the board, shall dissolve the committee and convene within thirty days a special general meeting to replace the committee.

All officers and members of the society shall produce such cash, accounts, books, documents and securities of the society and furnish any information in regard to the affairs of the inspected society as the registrar or such person

25	<p>authorised by the registrar may require.</p> <p>S.55</p> <p>Recovery of an award under section 54.</p> <p>Any award under section 54 may be recovered in any court of competent jurisdiction in the same manner as a decree of that court.</p>	<p>TYPES OF COOPERATIVES:</p> <ul style="list-style-type: none"> • SACCO • AMCOS • TRANSPORT • HOUSING • ENERGY • HEALTH • CONSUMER • INDUSTRIAL • MULTI PURPOSE 	<p>S.55A(1) This is a definition and should be moved to the S.1</p>		<ul style="list-style-type: none"> • The Uganda Central Cooperative Financial Services Legal frame work to be studied to ensure it operates within the acceptable Cooperative structure
26		S.55A (4)(a)(b)(c)	Remove sub.s4 a, b,c,	These have already been catered for in section 28	Can be put in the Regulation
27		S. 55A (4)(j)	Which programs are being referred to here		Can be put in the Regulation
28		S.55D (3)		Need clarification... Why 20%	Can be put in the Regulation
29		S.55N(1)	Ignore	It's not feasible in the current state of affairs	Can be put in the Regulation
30		S.55O(1)S	Entire subsection	There are gross inadequacies e.g.	Can be put in the Regulation

				made in the model byelaws...	
33	S.79 The Minister in consultation with the board shall make regulations for carrying out the provisions of this Act.	Section 79 of the principal Act is amended in subsection (1) by substituting for the words “in consultation with the board” the words “on the advice of the Registrar.”	Ignore change	The cooperators need to have a proper representation on key matters affecting them. The board of UCA should be maintained	The status quo to be maintained
1		General Comments Need to be consistent in terminologies used i.e. General Assembly and General meeting appear to be used interchangeably in the document			
2		Cooperators requested that the term of office for the leaders be increased from 2 to 3 years and term limits should be lifted for the leaders.			
3		Some of the clauses are supposed to appear in the Regulations and not in the Act			
4		The Cooperative Act, 1970 was amended to give the cooperatives their inherent right of “autonomy” however the current amendment bill seems to be giving more authority and power to the Registrar of Cooperatives which in effect affects the cooperative principle of autonomy.			