

Proposed Resolutions to be presented at the Khasakh 2024 AGM for approval.

SNO	Resolution	Banck ground and Justification	Major Policy implications	Policy/Guidelines affected
01	Approval of the Last Mile Cover Product Policy	<p>At the March 2023 Annual General meeting, a resolution was passed for the Sacco to roll out the Last Mile Cover Product. The Khasakh Last Mile cover (LMC) product is a plan that provides payment in the event of the death of a member, their spouse, children or parents, and other dependents. It also covers a member in case of severe medical need. This resolution however needed a Policy back up to have it implemented.</p> <p>Attached is the Draft Policy for review and approval by AGM and once approved to be implemented starting this financial year 2024.</p> <p>The Policy spells out the terms and conditions of the product and also specify various options for members to undertake under this product.</p>	 <p>Revised KHASAKH LAST MILE COVER PR</p>	New Policy
02	Introduce Mandatory monthly savings	<p>The Key features of any sacco irrespective of size and formation are Savings and Credit hence the name Savings and Credit Cooperative (sacco). Members of Saccos are thus required to make Savings on a regular basis.</p> <p>Also unlike saving schemes offered by commercial banks where the customer can</p>	Every member will be required to make a mandatory minimum monthly savings of 100,000 shillings but one can pay a lumpsum for any period.	Savings and Credit Guidelines

		<p>put away something if he/she wishes, the principle and ideal practice is that a Sacco saving scheme is not optional and is strictly regular. This means monthly contributions must be maintained throughout the course of membership without default.</p> <p>Khasakh Sacco has been growing overtime and expanded its capacity to provide diverse services to the members and carry out investments. One of this was raising the maximum amount of money members can borrow to UGX 200M. Overly, there has also been an increase in demand for loans because of the favourable and fairly interest rates.</p> <p>The Sacco has however been grappling with the challenges of mobilising enough cash deposits from members in order to meet the loan demands and also invest in high yield ventures like the real estate.</p> <p>To address this, a proposal is made to require every member of Khasakh to make a mandatory minimum general savings of 100,000 (One hundred thousand) shillings per month.</p> <p>If this is approved, the Sacco will be able to mobilise a minimum average of 70,000,000 (Seventy millions) per month to support in her scale plans.</p>	<p>Failure to remit shall attract a penalty of shs 10,000.</p>	
03	Introduce Investment Units alongside shares	Khasakh has been offering shares to members from where the members are able	If this amendment in the Savings and Credit	Savings and Credi Guidelines, share

		<p>to earn returns in form of annual dividends subject to the terms and conditions of the Share and dividend policy.</p> <p>Overtime, Khasakh has proved its ability to pay a good return on shares. However, for SACCOs, there is a legal requirement that out of their annual surplus, No registered society shall pay an annual dividend exceeding 10 percent on shares of the paid up capital thereby restricting the managers on how much they should pay as dividends. (Ref to Cooperatives Act Section 40). To provide an opportunity for members to make more capital gains and returns on their investment, Khasakh is introducing Investment Units.</p> <p>More similar to shares, Investment units are non-withdrawable deposits by a member for purposes of long term investment. This product attracts a guaranteed return on investment as shall be approved by the AGM from time to time.</p> <p>Like shares also, the investment units are transferable from one member to another.</p> <p>The advantage with investment units is that Khasakh Cooperative is allowed to pay an unlimited return based on its annual performance.</p>	<p>guidelines in approved, members will be required to have a maximum of 64 shares. All shares held by a member over and above 64 will be transformed into investment units. Eg if one has 70 shares, he/she will then hold 64 shares and 6 investment units.</p> <p>Members can use investment units as security for loans. In determining loan qualifications, this formular will thus be considered. X2 of savings X 2 of investment units X 3 of shares.</p>	<p>and dividend policy and Sacco by laws.</p>
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		This means while a share in Khasakh in the current form cant earn more than 11% return, an equivalent investment unit would earn over and above 11% with strategic investments.		
04	Removal of 1% interest on short term loans for board members (Exco and Supco)	<p>The board members of the Sacco serve for a limited period of time and thus need to get new leadership. However, it was noted that because of the time commitment needed to serve on the Sacco, few members were being attracted to serve on the board. This prompted a proposal to find ways to attract members to serve.</p> <p>At 2023 AGM, members found it prudent to make an exclusive low interest short term loans to board members. This was to be one way to attract members to offer themselves to Sacco service.</p> <p>This resolution was however later found to be non-aligned to one of the cooperative principles i.e equity and was not in line with the common industry practice.</p> <p>Proposal is thus made to remove this so board members get all loans at the same rate like others and instead alternative ways are made to attract and remunerate board members in recognition of their time and commitment to the Sacco.</p>	Board members get short term loans and all other loan products at same rates as rest of the members.	Savings and credit guidelines
05	Revise interest paid on child saver account from 12% pa to 14% pa	The Sacco designed products that can enable it to mobilise fixable deposits that can then be invested for long term due to limitations on their withdrawability. One of	Members will not borrow against this account as funds are for long term purposes. This will in	Savings and credit guidelines.

		<p>these was the child saver product where members save and the funds are only accessible when the child makes 18 years.</p> <p>Currently, there are only 22 child saver accounts as of March 2024. Proposal is thus made to increase interest payable on this product to make it more attractive and be a good vehicle to mobilise long term cash for the Sacco to invest and earn good return. It is also one way to increase membership and sustainability of the Sacco as the holders of these accounts will become members of the Sacco at the age maturity.</p>	<p>turn enhance general savings portfolio from where they can use to acquire loans.</p>	
06	<p>Members who are active employees of World Vision Uganda to access up to 500,000 shillings at zero interest rates but accessible once in a 12 months/ a year.</p>	<p>World Vision Uganda is the principal sponsor of Khasakh Cooperative Society. Majority of membership of Khasakh is formed of current World Vision staff. However, only 60% of current WV Staff are members of Khasakh and hence a need to get as many members as possible of WVU join the Sacco and grow the Sacco portfolio.</p> <p>The MOU signed between WVU and Khasakh Cooperative also requires the Sacco to add value to WVU staff. Where members are not able to access salary advances from WVU, this provision will come in handy and provide a relief.</p>	<p>World Vision staff will be able to get this at zero interest rate. Accessible once in 12 months.</p>	<p>Savings and credit guidelines</p>