

UAP Old Mutual Towers,
19th Floor,
Upper Hill Road, Upper Hill
P.O. Box 25089-00100,
Nairobi, Kenya



Tel: +254 20 2935000/101
Email: info@sasra.go.ke
Web: www.sasra.go.ke

THE SACCO SOCIETIES REGULATORY AUTHORITY (SASRA)

Ref: No. SASRA/SSD/700/GG/6/2020

21st September, 2020

**All Chief Executive Officers,
Deposit Taking Sacco Societies**

(Dissemination via official email of the DT Saccos)

Dear Sir/Madam,

RE: FINAL GUIDELINES ON SELECTION AND NOMINATION OF TRUSTEES TO THE DEPOSIT GUARANTEE FUND (DGF) BOARD OF TRUSTEES

Following the validation of the draft guidelines on the subject matter through the meeting held on the 6th of December 2019 at Sarova Whitesands Beach Resort and Spa in Mombasa, the Authority finalized the guidelines.

Further, the Authority submitted the final guidelines to the Cabinet Secretary, being the appointing authority for the Trustees for concurrence, which has since been obtained.

This is therefore to notify you that the attached are the final guidelines for use in the selection and nomination of the trustees to the DGF Board of Trustees. A list categorizing the DT-Saccos into two groups based on the deposits per the guidelines is provided for ease of reference and interaction between Saccos in the same category.

Secondly, you are advised to familiarize yourself with the guidelines while awaiting further communication from the Authority on the modalities of coordinating the selection and nomination of the trustees.

SECURING SACCO FUNDS

The Authority has included a dedicated menu in its website, www.sasra.go.ke which will have include resources relevant to DGF including the final guidelines, categorization of the DT Saccos as at 31st December 2019.

Thank you for your continued support.

Yours sincerely,



John Mwaka

Chief Executive Officer

CC: Commissioner for Cooperative Development

State Department of Cooperatives

Social Security Building, 9th Floor

Nairobi



THE SACCO SOCIETIES REGULATORY AUTHORITY

UAP/Old Mutual Tower, Upper Hill Road

P. O. Box 25089-00100,

NAIROBI, Kenya

Final Guidelines on Selection and Nomination of Trustees to the DGF Board of Trustees

March 2020

Table of Contents

STATEMENT OF POLICY 2

A. ELIGIBILITY FOR NOMINATIONS 3

B. SUITABILITY OF NOMINEES 4

C. PROCESS OF SELECTION AND NOMINATION 6

D. CONSENSUS 7

E. VOTING ON A FIRST-BY-THE POST MODEL 7

F. CONCLUSION 7

GUIDELINES ON THE NOMINATION OF PERSONS TO THE BOARD OF TRUSTEES OF THE DEPOSIT GUARANTEE FUND

Title: Guidelines on the Nomination of Persons to the Board of Trustees of the Deposit Guarantee Fund.

Authorization: These guidelines are issued under section 56(1) of the Sacco Societies Act, 2008 read with Regulations 79 of The Sacco Societies (Deposit – Taking Sacco Business) Regulations, 2010.

Application: These guidelines applies to all licensed Deposit Taking Sacco Societies.

DEFINITIONS

Fund: Refers to the Deposit Guarantee Fund

An officer: Has meaning assigned to it under the Cooperative Societies Act, Cap 490.

Trustee: Is a person appointed by the Cabinet Secretary to the Board of Trustees of the Fund.

Sacco Society: A Sacco society licensed under the Sacco Society Act to undertake deposit taking Sacco business.

STATEMENT OF POLICY

Purpose

The purpose of these guidelines is to facilitate and enable nominations of persons drawn from licensed Sacco Societies to be appointed to the Board of Trustees of The Deposit Guarantee Fund. It provides for criteria for nomination, process of nomination and selection and the voting process.

Scope

The guidelines applies to Nomination of Persons to the Board of Trustees of the Deposit Guarantee Fund.

Responsibility

The Authority shall be responsible for implementing this guideline.

The Board of Directors of the Sacco societies shall be responsible for ensuring compliance with this guideline in selecting qualified persons for nomination and appointment to the Board of Trustees of the Deposit Guarantee Fund.

A. ELIGIBILITY FOR NOMINATIONS

1. A person shall be eligible to be selected for nomination as a member of the Board of Trustees of the Deposit Guarantee Fund, (DGF) if the person
 - (a) Is an active member of a SACCO Society licensed and regulated under the Act;
 - (b) Is not an officer of the SACCO Society;
 - (c) Has been nominated by the SACCO Society in respect of which the person is a member;
 - (d) Has been a member of a SACCO Society for at least two years prior to the date of nomination; and
 - (e) Has knowledge and possession of a minimum of ten years' experience in matters relating to Co-operative management, banking, finance, insurance, law, accountancy or economics.
 - (f) Holds a degree in the relevant fields from a University recognized in Kenya.
 - (g) Must satisfy all the requirements of Chapter six of the Constitution including:
 - Certificate of Good Conduct from the Directorate of Criminal Investigations;
 - Clearance Certificate from the Higher Education Loans Board (where applicable);
 - Tax Compliance Certificate from the Kenya Revenue Authority;

- Clearance from the Ethics and Anti-Corruption Commission; and
- Report from a licensed Credit Reference Bureau.

(2) The nomination of Board of Trustees shall be competitively done to ensure that there is equity; inclusivity and skills mix relevant for the achievement of the long term goals of the Deposit Guarantee Fund.

B. SUITABILITY OF NOMINEES

1. Every SACCO Society shall determine the suitability and propriety of every person seeking to serve as its nominee to the Board of Trustees, and shall in determining if a person is suitable and proper to serve consider: -

- (a) financial status or solvency of the person;
- (b) educational or other qualifications or experience of the person, having regard to the nature of the functions which, if the nomination is accepted the person shall perform;
- (c) ability of the person to carry on the management of the Deposit Guarantee Fund competently, honestly and fairly;
- (d) reputation, character, financial integrity and reliability; and
- (e) any other material information available to the Sacco society.

2. Without prejudice to the generality of paragraph (1) above the nominating Sacco Society may, in considering whether a person is fit and proper take into account whether the person -

- (a) has contravened the provision of any law in Kenya or elsewhere, designed for the protection of members of the public against financial loss due to dishonesty, incompetence, or malpractice by persons

engaged in transacting with deposit taking and other financial services business.

- (b) has been convicted or is under investigation in respect of an offence involving financial impropriety or fraud of public funds, or of an offence of corruption and economic crimes.
- (c) was a director of a Sacco Society which was liquidated or is under liquidation or has been placed under statutory management
- (d) has taken part in any business practice which, in the opinion of the Sacco Society, was fraudulent, prejudicial to the market or public interest, or was otherwise improper, which would otherwise discredit the person's methods of conducting Sacco business; or
- (e) has taken part or has been associated with any business practice which casts doubt on the competence or soundness of judgment of that person; or
- (f) is a member of the National Assembly or of a County Assembly; and
- (g) is a person who is prohibited from being a director or taking part in the management of a Cooperative Society or financial institution by the Commissioner under Co-operative Societies Act or by any other financial services regulator in Kenya.

For purposes of suitability of the nominees, the prospective nominees will complete the Form 1 (Nomination Form) to this guideline.

3. A SACCO Society, shall take into account any information provided by the Authority, in determining the suitability of a nominee, provided that the Authority may direct against selection of a person.
4. In consideration of a person to be nominated for selection as a member of the Board of Trustees, the following principles shall be taken into account:
 - (a) Gender balance;
 - (b) Equitable representation;

5. For purposes of paragraph (4), the SACCO Societies are clustered into two categories based on the deposits held therein as per the latest published SACCO Supervision Annual Report as follows:
 - (a) Category 1: SACCOs with deposits of Kshs 5 Billion and above;
 - (b) Category 2: SACCOs with deposits of less than Kshs 5 Billion.
6. In selecting the persons for nominations, each category of Saccos shall present two persons, provided that the persons presented by each category shall not be of the same gender or be from the same region.

C. PROCESS OF SELECTION AND NOMINATION

1. The Authority, in consultation with the Cabinet Secretary shall declare a vacancy in the office of a member of the Board of Trustees under Section 56(f), and
 - (a) notify in writing each category of the Sacco Societies of the existence of such a vacancy; and
 - (b) advise each Sacco Society in each category of their right to select a qualified person for nomination to the Board of Trustees.
2. Upon declaration of a vacancy, every SACCO Society intending to select a person for nomination to the Board of Trustees, shall submit the name of the person to the Authority within 60 days of declaration of such vacancy, and a certified copy of the Nomination Form thereof to the Authority.
3. SACCO Societies shall select qualified persons for nomination within their respective categories only.
4. Each SACCO Society shall be entitled to nominate two persons of the opposite gender.
5. The Authority shall publish the names of the persons selected by each SACCO Society for the nomination exercise in each category, and require the SACCO Societies in each category to nominate at least two persons of the opposite gender for nominations through:
 - a) Consensus; or

b) Voting on a first-by-the post model for each gender.

D. CONSENSUS

1. Despite the provisions of Part C above, each category of the SACCOs may by consensus in writing, and subject to compliance with this guideline and any guidance of the Authority agree on the suitable nominees for each category, provided that the consensus candidates shall not be from the same SACCO Society.

E. VOTING ON A FIRST-BY-THE POST MODEL

1. Where the SACCOs in each category do not have a consensus candidate, the Authority shall organize for an election electronically in which the candidates in each gender with the majority votes shall be declared the winner.
2. In an election, each SACCO shall be entitled to one vote only, which shall be evidenced in writing by a resolution of the Board of the SACCO Society.
3. Every SACCO Society shall submit its vote to the Authority in a written form, supported by a resolution of the Board of Directors, through an electronic format.

F. CONCLUSION

1. The Board of directors of the Sacco societies under each category are responsible for ensuring full compliance with this guideline in order to nominate the most suitable candidate for appointment as Trustees to the DGF Board of Trustees.
2. Any queries regarding this guideline and the enabling legislations and regulations may be addressed to policy@sasra.go.ke to the attention of the undersigned.

Yours faithfully,

John Mwaka

Chief Executive Officer

UAP/Old Mutual Tower, Upper Hill Road

P. O. Box 25089-00100,

NAIROBI, Kenya

FORM 1: NOMINATION FORM

NOTES FOR COMPLETION

These completion instructions are issued to give further guidance on completion of certain items in the Nomination Form. These include.

- (i). Nomination Form- This should be completed by all persons proposed for selection and nomination for appointment to the Board of Trustees of the Deposit Guarantee Fund.
- (ii). Educational qualification - State only qualifications attained at college level or highest educational qualification.
- (iii). The rest of the items are considered self-explanatory and should be completed as fully as possible.

1. THE NAME SACCO SOCIETY

a) Name of Sponsoring Sacco Society

.....

b) C/S NO..... License NO.....

2. NOIMNEE'S PERSONAL INFORMATION

a) Surname..... Other Names.....

b) Previous Names (if any) by which you have been known:

.....

c) Date of Birth Place of birth:

d) Personal Identification Number (attach copy of PIN certificate)

e) National Identification Card No. or /Passport No. Date of issue.....
(Attach a copy)

f) Postal Address:

g) Previous Postal Addresses (if any)

h) Physical Address.....

i) Educational Qualification and year obtained.....

.....

j) Professional Qualifications and years obtained.....

.....

k) Date/year of joining the sponsoring Sacco:

l) Membership number:

m) Current Deposit balances with the SACCO:

3. EMPLOYMENT/ BUSINESS RECORD

Name of Employer/ Business	Address	Period	Position Held	Dates		Reasons for Leaving
				From	To	

4 DESCRIPTION OF YOUR PAST AND CURRENT ACTIVITIES

4.1 SHAREHOLDING (DIRECTLY OWNED OR THROUGH NOMINEES)

Name of Institution	Date of Incorporation	Amount of Shareholding	% of	Past Shareholding		Remarks
				A	B	

Key

A: Refers to date of closure or surrender of shares

B: Refers to reasons for closure or surrender

4.2 DIRECTORSHIP

Name of Institution	Date of Incorporation	Executive or Non-executive	Position Held in case of executive	Past Directorships		Remarks
				C	D	

Key

C: Refers to date of retirement

D: Refers to reasons for retirement or resignation

4.3 PROFESSIONAL BODIES

Name of Body	Member No.	Position	Past Memberships		Remarks
			E	F	

Key

E: Refers to date of retirement

F: Refers to reasons for retirement or resignation

4.4 BORROWINGS

* Name of Borrower	Lending Institution	Type of Facility	Date of Offer	Security Offered	Value of Security	Current Outstanding Balance	Remarks

* Borrower to indicate individual/personal as well as the private Company shareholdings in excess of 5%.

QUESTIONNAIRE

5.1 Have you or has any entity with which you are associated as director, shareholder or manager, ever held or applied for a licence or equivalent authorization to carry on any business activity in any country?

..... If so, give particulars

.....

.....

Do you know whether any such application was rejected or withdrawn after it was made or any authorization revoked? If so, give particulars

.....

.....

5.2 Have you at any time been convicted of any criminal offence in any jurisdiction?

If so, give particulars of the court in which you were convicted, the offence, the penalty imposed and the date of conviction.....

.....

.....

5.3 Have you, or any entity with which you have been involved, been censured, disciplined, warned as to future conduct, or publicly criticized by any regulatory authority or any professional body in any country?

..... If so, give particulars

.....

.....

- 5.4 Have you, or has any entity with which you are involved, or have been associated as a director, shareholder or manager, been the subject of an investigation, in any country, by a government department or agency, professional association or other regulatory body?..... If so, give particulars
.....
.....
- 5.5 Have you ever been dismissed from any employment, or been subject to disciplinary proceedings by your employer or barred from entry of any profession or occupation?..... If so give particulars.....
.....
.....
- 5.6 Have you failed to satisfy any debt adjudged due and payable by you on an order of court, or have you made any compromise arrangement with your creditors within the last 10 years? If so, give particulars
.....
.....
- 5.7 Have you ever been declared bankrupt by a court or has a bankruptcy petition ever been served on you?
.....If so, give particulars.
.....
.....
- 5.8 Have you ever been held liable by a court, for any fraud or other misconduct? If so, give particulars
.....
.....
- 5.9 Has any entity with which you were associated as a director, shareholder or manager in any country made any compromise or arrangement with its creditors, been wound up or otherwise ceased business either while you were associated with it or within one year after you ceased to be associated with it? If so, give particulars
.....
.....
- 5.10 Are you presently, or do you, other than in a professional capacity, expect to be engaged in any litigation in any country? If so, give particulars.....
.....
.....
- 5.11 Indicate the names, addresses, telephone numbers and positions of three individuals of good standing who would be able to provide a reference on your personal and professional integrity. The referees must not be related to you, and should have known you for at least five years.
i).
ii).
iii).

5.12 Is there any additional information which you consider relevant for the consideration of your suitability or otherwise for the position(s) held/to be held? ..if so give particulars

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

NOTE: The information given in response to this questionnaire shall be kept confidential by the Authority, except in cases provided for by law. The omission of material facts may represent the provision of misleading information.

DECLARATION

I am aware that it is an offence to knowingly or recklessly provide any information, which is false or misleading in connection with an application for a authorization certificate to carry out the Sacco non-deposit-taking business in Kenya. I am also aware that omitting material information intentionally or un-intentionally shall be construed to be an offence and may lead to rejection of my application. and legal action being taken against the offender.

I certify that the information given above is complete and accurate to the best of my knowledge, and that there are no other facts relevant to this application of which the Sacco societies Regulatory Authority should be aware.

I undertake to inform the Authority of any changes material to the applications which may arise while the application is under consideration.

Further, I confirm that I have agreed to fulfil the responsibilities related to this position.

Name:

Signed:

Dated atthis..... Day of20.....

CERTIFIED BY THE SACCO CHAIRMAN/CHIEF EXECUTIVE OFFICER

Name.....

Signature.....

Position in the SACCO

.....

WITNESSED BEFORE ME: SIGNED. (Witness)

COMMISSIONER FOR OATHS/ MAGISTRATE

Name.....

Signature.....

Address

.....

.....

