



**PLAN INTERNATIONAL
CO-OPERATIVE SAVINGS
AND CREDIT SOCIETY
LIMITED**

"Your preferred investment partner"

Plan international Staff Savings and Credit Co-operative Society was initiated in 1993 and registered under The Co-operative Societies Statute as a limited organization on the 24th October 1996. The society is governed by the Uganda Co-operative Societies Act of 1991 and Regulations of 1992.

The membership of the organization has steadily been growing since then with the current membership standing at 380 in March 2019. The membership of this society comprises of current Plan International Uganda staff, their spouses and staff who have separated with the organization.

Major objectives:

1. To promote the economic interests of its members
2. To promote thrift among its members by affording them an opportunity for accumulating savings and paying reasonable interest without risk on such savings
3. To create a source of funds from which it can afford relief to its members in need by making loans for productive and provident purposes, at fair and reasonable rates of interest, and with easy terms of reference.

The main sources of funding for the society is members' shares and savings that have been accumulated over the years. The monthly members' contributions and loan repayments are deducted through the Plan International payroll (for staff) but one is also encouraged to use his/her other additional sources of income.

For non – Plan International Uganda staff, the members make deposits by way of a standing order with their bankers or direct deposits on the SACCO Bank accounts.

Membership

To become a member, one is expected to complete a membership card, in which he/she confirms his/her monthly contributions to the society. The member must attach a passport size photograph, copy of National ID, email address, a working and registered telephone number as well as a physical residential address to the card.

Upon joining the society, a member makes a one off membership fee of 10,000/= and buys a minimum of one share or more depending on his/her income. The share value is 10,000/=. The member is also expected to save a minimum of 20,000/=. However a member is encouraged to regularly buy as many shares and save as much as he/she wants.

A member is eligible to borrow only after completing three months of membership. A member is also allowed to withdraw some of his/her savings in the course of the

year but has to maintain a minimum balance of 50,000/=. If one has a loan with the Sacco, he/she can still withdraw some of his/her savings as long as the balance is able to secure the loan amount outstanding.

The current interest rate for the loan 12% per annum and the interest rate payable on the monthly savings balance is 8% per annum. The society also pays dividends on the total shares held by a member at the end of the financial year at the rate of 10%. For the generic loan products, the grace period of loan repayment is one month and postponement of loan repayments is discouraged.

Once a member separates with Plan International, and still maintains his membership with the society, he/she is eligible to borrow only to a tune of the amount of savings balance he has with the society.

If a member separates with Plan International and does not maintain his monthly contribution for a period of three consecutive months, his membership is revoked and his shares and savings are transferred to Sundry Creditor account where he would not be entitled to interest on savings or dividends on his shares.

The financial year of the society runs from 1st April to 31st March and an Annual general meeting is always organised by the executive committee between April and June, in line with the Cooperative Act 1991 and Regulations 1992. The Ministry of Cooperatives which is the governing body of all society organizations in the country normally appoints an auditor.

Types of Loans

There are six types of loan products offered by the society to its members. This consists of two categories namely the generic loan products and new products.

Generic Loan Products

The short term loan commonly known as emergency loan which is payable within a maximum period of four months. The maximum amount lent out is 2,000,000/= (Two million shillings only). The long term loan is given out against a member's savings multiplied by two to form the amount of loan or multiplied by three if a member has security to back up the savings. The maximum repayment period for this category is thirty six months (Three years). The security to be used should be in the names of the member and the recognised legal security is a land title.

New Loan products

Current the SACCO is piloting four new products namely
Asset financing loan,
Motor vehicle loan,
Housing loan and
Education Savings and Loan product.

Access to the above loan products is dependent on the member fulfilling the associated terms and conditions. The SACCO continues to undertake research in order to improve the existing products and/or develop new ones that are relevant to members.

Financial Literacy:

Financial Literacy is the possession of the set of skills and knowledge that allows an individual to make informed and effective decisions with all their financial resources. The SACCO will always endeavour to provide such knowledge within the limits of its operational abilities. Members are therefore encouraged to make a deep reflection including consulting the SACCO management before choosing which type of product/services to access.

Management of the SACCO

The Sacco is managed by a group of volunteers who are also members of the society and are elected at the Annual General Meeting (AGM). The election process is witnessed by the Ministry of Cooperatives official who acts as the Returning officer. The Committee known as Executive Committee holds this office for a period of two years and comprises of the Chairman, Vice Chairman- who also doubles as the Chairman - Loans committee, the Secretary and the Treasurer who is also a member of the loans committee.

In addition, the Annual General Meeting elects Area Representatives who attend the executive committee meetings for purposes of running the society affairs.

The society has internal auditors commonly known as Supervisory Committee also elected at the Annual General Meeting. This committee comprises of three members and their term of office is also two years.

The society employs an Accounts assistant to manage the daily business of members and is paid a monthly salary. The Society periodically reviews the staffing needs and puts in place mechanisms to ensure effective service delivery.

PLAN INTERNATIONAL SACCO MOTOR VEHICLE LOAN



“Own Your Dream Car”

“Your preferred investment partner”

The product aims to connect with Plan International Sacco members by enabling them to acquire Motor vehicles

- For domestic (personal use) to ease their movements
- Not for income generation.

Purpose

The product is for financing outright purchase of a motor vehicle.

Target Market

The Motor Vehicle Loan Product is for members of Plan International Sacco who wish to undertake any of the activities outlined in section 2. above.

The Sacco serves current and past employees of Plan International Uganda who are registered members of the Sacco.

The members are both male and female. They should be willing and committed to pay the Motor Vehicle Loan installments on time and in accordance with the agreed upon repayment schedule.

This loan product has some unique features to mitigate related risks including:

- a) The vehicle is to be comprehensively insured during the lifespan of the loan.
- b) Lending margin is 70% for vehicles of 8 years and less since date of manufacture and 60% for vehicles of greater than 8 years since date of manufacture.
- c) Since the loans are secured, the contract period is not a barrier but should be at least 6 months to expiry.
- d) The vehicle will be registered in the names of the member. However, the Sacco will have its interest registered until the loan is paid off.

Loan Size

^ Minimum Loan Amount: UGX 10,000,000.

^ Maximum Loan Amount : UGX 30,000,000.

The actual size of any loan will depend on the evaluation of the motor vehicle that the individual member wants to purchase and the capacity to repay, based on salary or the other verifiable income sources.

Loan Period/Term

Repayment period is up to 48 months.

- a) The actual period can be determined basing on the individual member's ability to meet the monthly installment.
- b) The members can prepay the loan with no charges – instead a waiver of upfront interest is made.
- c) The loans will be paid in regular monthly installments

No Grace Period.

Interest Rate and fees

- Interest rate to be charged on asset financing loans will 12% per annum computed on straight line basis.
- Borrowers shall pay insurance fee of 1% to cover for risks associated with death or disability of the borrower during the loan period.
- The method of interest computation to be used is straight line basis The interest rates and other fees charged on the asset financing loans will be revised from time to time and shall be approved by the Annual General Meeting before

communication to the members. All costs in collecting a bad and delinquent loan shall be borne by the delinquent borrower.

Other Support Services

The asset financing Loan Product will have support services from the suppliers in addition to mandatory pre-loan disbursement sensitization and financial literacy.

Loan Collateral

- Compulsory Savings of _25% of the amounts approved/ disbursed – not to be accessed till the loan is repaid off.
- Members with a fixed deposit can use it to collateralize the loans.
- The asset financing loan product will be secured by the asset to be purchased. However, additional collateral may be provided – like land-Title).
- Where the member is a staff of PLAN Uganda, PLAN will provide a guarantee. PLAN Uganda will commit to deduct borrower's salary at source and transfer the monthly installments to the Plan International Sacco.
- For non - Plan International Uganda members, Plan Sacco will also work with the employees' employer to provide commitments to deduct borrower's salary at source and transfer the monthly instalments to the institution.
- For self-employed members, Plan International will conduct a detailed appraisal of the members' business to establish the adequacy of the cashflows for loan repayment and ensure that the loan is adequately secured - preferably on the same terms as for other loans to such members: Land Titles, Chattels, etc.
- Minimum of two guarantors who are members of the Sacco

PLAN SACCO HOUSING LOAN



“Secure Your Future Shelter Needs”

TUZIMBE

“Your preferred investment partner”

Purpose

The Luganda word, “Tuzimbe, aims to connect with Plan International Sacco members by a clear meaning of the product, ‘Tuzimbe’ is for housing and points to the need for the members to secure their future by investing in constructing house now.

The Incremental Housing Loan Product will be used by the members to finance activities related to improving their residential housing. The loan product will be used for both new construction (incremental) as well as renovation of existing housing stock.

2.1 House Renovation

This involves any activity that can be categorized as repair of a house e.g. changing a roof, repainting, repairing broken plumbing and electrical installations or repairing walls and/or floor. The key factor here is that there must be an existing house that is to be renovated or repaired.

2.2 Incremental Construction

This is where a member intends to start constructing a new house incrementally.

It should be noted that the Incremental housing Loan is not meant to finance a complete house but rather progressive construction (in stages) until the house is completed. Incremental construction is sub-divided into the following stages:

(a) Purchase of land: Residential / Dual Purpose

(b) Construction of the Main House Structure:

- Foundation and walls.

Materials for this component include blocks/bricks, cement, sand, aggregates, etc.

(c) Roofing of a house – timber, roofing sheets or tiles, nails and related labour costs

(d) Finishing, Fittings and Fixtures

- Floor and ceiling works, painting, windows and doors fittings.

(e) Installation of utilities

- This connection to water system or drilling a well, connection to main grid electricity or installation of solar system.

Depending on the repayment capacity of the borrower, one or two of the above components may be financed at once.

Target Market

The Incremental Housing Loan product is for members of Plan International Sacco who wish to undertake any of the activities outlined in sections 2.1 and 2,2 above.

The Sacco serves current and past employees of Plan International Uganda who are registered members of the Plan International Uganda Sacco. The members are both male and female.

Loan Sizes

- Minimum Loan Amount : UGX 500,000
- Minimum Loan Period : 6 months
- Maximum Loan Period : 24 months.

Maximum Loan amount : UGX 80,000,000 and not more than 10% of the core capital as defined by the regulatory limits.

The actual size of any loan will depend on the evaluation of the Individual member's housing need and capacity to repay ,based on salary or the other verifiable income sources

The actual period shall be determined by the individual member's ability to meet the monthly installment.

The members are however permitted to prepay and take another loan if they wish to expedite their housing construction processes.

No charges shall be imposed on members who will prepay their loans earlier. The loans will be paid in regular monthly installments.

There shall be no grace period granted to borrowers of housing loans. It is expected that the loans will be geared towards housing activities and the repayment is based on monthly salary or income from an ongoing business.

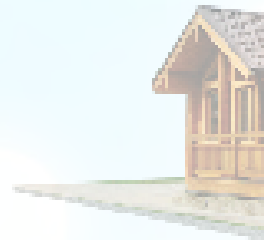
Repayment of both interest and principal will then start with the following month after disbursement.

Costs: Interest Rate and fees

- Interest rate to be charged on incremental housing Loans will 12% per annum computed on straight line basis.
- Borrowers shall pay insurance fee of 1% to cover for risks associated with death or disability of the borrower during the loan period.
- Where Necessary the members will be asked to undertake Property Related Insurance – the rate will be determined after engagement with the insurance companies.
- Interest rates and other fees charged on loans will be revised from time to time and shall be approved by the Annual General Meeting before communication to the members.

All costs in collecting a bad and delinquent loan shall be borne by the delinquent borrower

Where individual members are undertaking own projects, HSS may not be offered. However, where PLAN SACCO decides to undertake a collective housing project like purchasing a block of land for subdivision, some HSS may be required.



The HSS may be offered in four major areas of major areas of housing support services. These are:

- (a) Land Titling Support where PLAN SACCO will work with networks of surveyors and government officials to facilitate the acquiring of land in bulk, subdividing it and then selling plots to its members including facilitating the entire process of acquiring title.
- (b) Hire an in-house technical person on a contract basis to provide pre-loan CTA support to members but most importantly build the capacity of credit staff (Loan Officers) to support the members by providing training and developing info and technical sheets, basic standard plans (that cater for incremental development) complete with materials quantities and costs, templates for materials estimates among other tools to support Loan Officers in advising clients.
- (c) Partner with building professionals for referral to clients for services such as architects, engineers, quantity surveyors etc for specialized services at negotiated rates
- (d) Full package greenfield projects where Members not only get plots but also get a choice of standard designs (complete with costs and all relevant documentation) preferably pre-approved by the relevant local authority.
- e) Collective Bargaining: The SACCO explores possibilities of securing discount prices/rates for its members from manufacturers and dealers of different assets e.g. construction material like cement, roofing, furniture, etc.

The SACCO may also identify and purchases assets e.g. land for interested members.



PLAN INTERNATIONAL SACCO

EDUCATION SAVINGS & LOAN PRODUCT



“Secure Your Child’s Future”

“Your preferred investment partner”

The product aims to connect with Plan International Sacco members by encouraging them to provide quality education by starting early to save and then borrow for their education as a mechanism to secure their future.

Purpose

The Education Loan Product will be used by the members to finance tuition and other functional fees for their children from Pre-School, Nursery, Primary, Secondary and University Education.

Target Market

The Education Loan Product loan product is for members of Plan International Sacco who wish to undertake any of the activities outlined in sections above.

The Sacco serves current and past employees of Plan International Uganda who are registered members of the Sacco.

The members are both male and female. They should be willing and committed to pay the Education Loan installments on time and in accordance with the agreed-upon repayment schedule.

This loan product has some unique features to mitigate related risks including:

- a) The Fees Structure of the institution must be attached.
- b) For members to benefit from this product, they will have to open and operate a Savings account through pay-roll and direct deposits – interest will be paid at 10% p.a for balances maintained of not less than UGX 500,000.
- c) The Savings account opening requirements are as below:
 - Opening balance -UGX 50,000.
 - Passport photos of member and child.
 - Birth certificate or evidence of Guardianship.
- d) After loan disbursement, the monthly savings on the junior savings account will be increased to cater for the loan repayments.
- e) Members will have the option of opening the savings account, save for the education of the children and withdraw the funds for school dues even when they do not have an outstanding loan.
- f) Once the Loan is approved, the funds are transferred directly to the school's account.

Loan Size

Minimum Loan Amount: Minimum Savings of 25% of the amount on the School Bankslips should be deposited on the Education Savings Account.

Maximum Loan Amount : UGX 6,000,000 The actual size of any loan will depend on the evaluation of the individual member's school fees requirements and capacity to repay, based on salary or the other verifiable income sources.

Loan Repayment

- It is expected that the loans will be used for school fees and the repayment is based on monthly salary or income from an ongoing business.
- Repayment of both interest and principal will then start with the following month after disbursement. Repayment of both interest and principal will then start with the following month after disbursement.

- The loans will be paid in regular monthly installments
- The members are however permitted to prepay and take another loan. No charges shall be imposed on members who will prepay their loans earlier.
- Minimum Loan Period :1 month
- Maximum Loan Period: 4 months.
The actual period shall be determined by the individual member's ability to meet the monthly installment.

There shall be no grace period granted to borrowers of the Education Loans.

Other Support

The Education Loan Product will not have any support services – except mandatory pre-loan disbursement sensitization, financial literacy as well as options for education related insurance packages

Loan Collateral

- Compulsory Savings of _25% of the amounts approved/ disbursed – not to be accessed till the loan is repaid off.
- Members with a fixed deposit can use it to collateralise the loans.
- Where the member is a staff of Plan International Uganda, the organisation will provide a guarantee. Plan International Uganda will commit to deduct borrower's salary at source and transfer the monthly instalments to the Plan International Sacco.
- For non - Plan International Uganda members, the Sacco will also work with the respective employee employer to provide commitments to deduct borrower's salary at source and transfer the monthly instalments to the institution.

For self-employed members, Plan International Sacco will conduct a detailed appraisal of the members' business to establish the adequacy of the cash flows for loan repayment and ensure that the loan is adequately secured - preferably on the same terms as for other loans to such members: Land -Titles, Chattels, etc.

- Minimum of two guarantors who are members of Plan International Sacco.
- In both Cases, when a loan is more than UGX 5,000,000 additional security such as a land title shall be provided.

PLAN INTERNATIONAL SACCO

ASSET FINANCING LOAN



“Grow Your Business”

“Your preferred investment partner”

The product aims to connect with Plan International Sacco members by enabling them to acquire assets that require substantial Investments of Cash.

Purpose

The Asset Financing Loan product is for financing outright purchase of a productive asset.

Target Market

The Asset Financing Loan Product is for members of Plan International Sacco who wish to acquire income generating (Business) assets e.g. machinery ,equipment and /or purchase of rental units

The asset to be acquired should be aimed at growing and improving the operations of the individual members business – must be able to generate sufficient income over the period of the loan – (viability).The Sacco serves current and past employees of Plan Uganda who are registered members of the Sacco.The members are both male and female.

They should be willing and committed to pay the Asset Financing Loan installments on time and in accordance with the agreed-upon repayment schedule.

This loan product has some unique features to mitigate related risks including:

- a) The asset to be financed must be insured comprehensively during the lifespan of the loan.
- b) Plan International Sacco will engage in linkages with well-known provision companies with training and aftersales services offered.
- c) Since the loans are secured by the asset financed, the contract period is not a barrier for current PLAN staff but should be at least 6 months to expiry - this could be waived in favour of attachment to terminal benefits at Plan International Sacco.
- d) The member will issue (sign) a chattel mortgage /caveat to Plan International Sacco for the purchased asset.
- e) The income to be generated from the asset is incorporated in the cash flow analysis to gauge repayment capacity of the member.
- f) The proceeds from the business should be periodically deposited on the member account at the Sacco.

Loan Size

- Minimum Loan Amount: UGX 20,000,000.
- Maximum Loan Amount :UGX 100,000,000 and not more than 10% of the Core Capital as defined by the Regulatory Limits.
- The actual size of any loan will also depend on the appraisal process as well as the evaluation of the asset that the individual member wants to purchase and the capacity to repay, based on salary or the other verifiable income sources.

This is according to the Bank of Uganda limits set for MD Is which applies to large SACCOs like Plan International Sacco.

Loan Period/Term

- Repayment period is up to 48 months.
- a) The actual period can be determined basing on the individual member's ability to meet the monthly installment.
- b) The members can prepay the loan with no charges – instead a waiver of upfront interest is made.
- c) The loans will be paid in regular monthly installments.

No Grace Period.

Interest Rate and fees

- Interest rate to be charged on asset financing loans will 12% per annum computed on straight line basis.
- Borrowers shall pay insurance fee of 1% to cover for risks associated with death or disability of the borrower during the loan period.
- The method of interest computation to be used is straight line basis.

The interest rates and other fees charged on the asset financing loans will be revised from time to time and shall be approved by the Annual General Meeting before communication to the members. All costs in collecting a bad and delinquent loan shall be borne by the delinquent borrower.

Other Support Services

The asset financing Loan Product will have support services from the suppliers in addition to mandatory pre-loan disbursement sensitization and financial literacy.

Loan Collateral

- Compulsory Savings of _25% of the amounts approved/ disbursed – not to be accessed till the loan is repaid off.
- Members with a fixed deposit can use it to collateralize the loans.
- The asset financing loan product will be secured by the asset to be purchased. However, additional collateral may be provided – like land-Title).
- Where the member is a staff of International Uganda Uganda, the organisation will provide a guarantee. Plan Uganda will commit to deduct borrower's salary at source and transfer the monthly installments to the Plan International Sacco.
- For non - Plan International Uganda members, Plan SACCO will also work with the respective employees' employer to provide commitments to deduct borrower's salary at source and transfer the monthly instalments to the institution.

Loan Collateral

- For self-employed members, Plan SACCO will conduct a detailed appraisal of the members' business to establish the adequacy of the cashflows for loan repayment and ensure that the loan is adequately secured - preferably on the same terms as for other loans to such members: Land Titles, Chattels, etc.
- Minimum of two guarantors who are members of the Sacco.





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