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.....**TRANSPORT
COOPERATIVE SOCIETY LIMITED**

Registered as A Cooperative Society

SEPTEMBER 2022

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1 NAME AND AREA OF OPERATION

The Cooperative shall be called..... Transport Co-operative Society Limited hereinafter referred to in these by-laws as "Transcoop" and its area of operation shall be.....

2 COOPERATIVE CONTACT ADDRESS

2.1 REGISTERED OFFICE AND POSTAL ADDRESS

The registered office of the Cooperative shall be at.....Building..... Street/Road.....Town,sub county,.....County. The postal address shall be P.O Box.....

2.2 EMAIL ADDRESS AND TELEPHONE CONTACT

The email address and telephone shall be.....andrespectively.

2.3 NOTICE OF CHANGE OF ADDRESS

Notice of any change of registered office postal address, Email address and telephone shall be given to the Commissioner for Co-operative Development and the County Director for Co-operatives hereinafter referred to as 'the Commissioner' and 'County Director' respectively and to all members of the cooperative through their last known contact address or telephone number as per records held at the cooperative within 30 days of such change.

3 DEFINITIONS AND INTERPRETATIONS

3.1 In these By-laws, unless the context otherwise suggests words or phrases shall be defined and interpreted in accordance with the Co-operative Societies Act Cap 490 Laws of Kenya and the rules made there under hereinafter referred to as the "Act" and "Rules" respectively.

3.2 In these By-laws save as otherwise expressly stated: -

- a) "Applicable Law" means the Traffic Act and the Rules/regulations, Co-operative Societies Act, Cooperative Societies Rules and these by-laws;
- b) "Associate stakeholders" means other existing stakeholders (such as route organizers, garages mechanic, car washers etc.) that are

- positioned along the route and directly or indirectly interact with the operators;
- c) "Bonus" means the member's share of the surplus of the cooperative, which is divided amongst its members, calculated by reference to the proportion which the member's volume of business with the cooperative bears to the total volume of the business done by the cooperative;
 - d) "Capital" means the permanent members equity in the form of common stock and includes all disclosed reserves, retained earnings, grants or donation;
 - e) "Commissioner" means the Commissioner for Co-operative Development as provided for in the Act;
 - f) "County Director" means the County Director for Co-operatives or any other person known by any other name responsible for cooperative development in the county;
 - g) "General Meeting" means a meeting (either "annual" or "special") for all members duly convened by the cooperative to conduct its business. Where a cooperative has adopted delegate system of representation, "Delegate Meeting" shall be construed to be "General Meeting" for the purposes of these By-laws;
 - h) "Limited liability" means liabilities of members are limited by shares subscribed to the cooperative;
 - i) "Management Committee" means the members elected in a duly convened General Meeting to govern the Business of the cooperative as per these By-laws herein referred to as the 'Committee';
 - j) "Member" includes a person who signs the application for registration of a cooperative and any other person admitted to membership after registration in accordance with these by-laws;
 - k) "NTSA" means the National Transport and Safety Authority which is a state corporation responsible for regulation of public transport in Kenya ;
 - l) " "Owner" means a co-operative or an individual owning wholly or through shares a buses/minibuses, vans (matatus), lorries, pick-ups and tuktuks Motor Cylce carrying out transport Services;
 - m) "Returning officer "means an officer who oversees or conducts elections of a co-operative at a general meeting;
 - n) "Route" shall mean the area of operation provided in these by laws or designated by NTSA;

- o) "Special resolution" means a resolution passed by two-thirds of the members present and voting at a general meeting; and
- p) Tribunal" mean the co-operative tribunal established under the Co-operative Societies Act;
- q) "Transcoop" means transport cooperatives involved in transport business i.e. buses/minibuses, vans (matatus), lorries, pick-ups and tuktuks regulated or licensed by NTSA to offer public transport/business;

- 3.3 In the by-laws where the masculine or feminine gender is referred to, it shall be construed to include either gender and vice versa.
- 3.4 Any questions concerning interpretation(s) of these by-laws or any matter not provided for therein, errors and omissions shall be referred to the Commissioner.

4 OBJECTS

- 4.1 The objects for which the cooperative is established are to organize and promote the welfare and economic interests of its members.
- 4.2 In particular, the cooperative shall provide a platform: -
 - a) where transcoop operators can conduct transport business in an organized manner as provided by NTSA;
 - b) for route and fleet management, and such other operations as may be necessary for the most profitable conduct of transport business;
 - c) to enforce code of conduct among the drivers and conductors;
 - d) to encourage thrift and affordable credit among its members;
 - e) for purchase and resale of spare parts and associated accessories;
 - f) for providing road safety awareness amongst members and public at large;
 - g) to foster education and training to members, committee members and employees;
 - h) to cooperate with other cooperatives in order to promote members interests and in furtherance of the cooperative's objectives the cooperative may affiliate to the relevant cooperative union, federation and the apex cooperative;

4.3 For the attainment of the above objects, the cooperative may do acts and things that are permissible under the Act, rules and these by-laws including but not limited to acquiring property and chattels, operating garages, petrol stations and doing all such other things as are incidental or consequential to the economic enhancement of its members interests provided such act is approved by the members in a general meeting.

5 COOPERATIVE PRINCIPLES AND VALUES

In order to achieve its objects, the cooperative shall act in accordance with the following Cooperative Principles and Values.

5.1 COOPERATIVE PRINCIPLES

a) **Voluntary and Open membership**

The cooperative shall always be guided by the principle of voluntary and open membership in its member recruitment drive without political, religious, ethnic, gender or social discrimination.

b) **Democratic member control**

The cooperative decision-making process shall be democratic where members have equal voting rights based on one member one vote.

c) **Economic Participation by member**

Members shall contribute equitably to the capital of the cooperative and share in the results of its operations. All members shall be expected to actively participate in the transport business and/ or make regular contributions as they may be called upon from time to time by the cooperative.

d) **Autonomy and Independence**

The cooperative is members owned and shall operate on mutually acceptable terms with its stakeholders without undue interference.

e) **Education, Training and Information**

The cooperative shall foster reciprocal continuous education programmes for members, leaders, staff and the community so that they can teach and learn from each other or from the appropriate resource persons in understanding and carrying out their respective roles.

f) Cooperation among co-operatives

In providing services to members and community, the cooperative shall actively cooperate with other cooperatives locally, regionally, nationally and internationally.

g) Concern for community in General.

The cooperative shall show concern to the community in which it exists and operates by protecting the environment and giving back through community projects and activities.

5.2 VALUES

The cooperative shall observe cooperative values of self-help, mutual responsibility, equality and equity, honesty, openness and social responsibility in all its activities.

6 MEMBERSHIP

Membership shall consist of: -

- a) original members who signed the application for registration; and
- b) new members subsequently admitted in accordance with these by-laws.

7 QUALIFICATIONS FOR MEMBERSHIP

A person shall be eligible for membership if the person: -

- a) (i) Owns and/or operates bus/minibus, vans (matatus), lorries, pick-up and tuktuk within the cooperative area of operation/route namely.....Or
- (ii) is a driver or conductor licensed /authorized by NTSA and approved by the general meeting, or,
- (iii) employee of the cooperative;
- b) is of good character and sound mind;
- c) has attained the age of 18 years except in case of a minor who is heir to a deceased member;
- d) is not a member of another co-operative carrying out the same activities in the same area of operation/route; and
- e) pays entrance fee and minimum share capital as prescribed in these by-laws.

8 APPLICATION FOR MEMBERSHIP

- a) Every applicant for membership shall complete an Application for Membership Form; which Form shall require the applicant to disclose all the details and information necessary for the registration of a member, as well as comply with the international best practices on customer due diligence; and
- b) In particular, the form shall include a minimum of the following details: Names, ID Number, Telephone Number, KRA PIN Number, Email address, Vehicle plate Numbers and log book Number for owners.

9 ADMISSION INTO MEMBERSHIP

An applicant shall be admitted to membership of the cooperative on application upon payment of an entrance fee of Kshs and purchase of minimum shares as shall be fixed by the general meeting from time to time.

10 MEMBERS' NAMES TO BE ENTERED INTO THE MEMBERS REGISTER

Upon admission into the membership of the cooperative, the member's name and other particulars shall be entered in the membership register and a unique membership number issued to the member.

11 MINIMUM CONTENTS OF THE MEMBERS' REGISTER

The Cooperative shall maintain a members' register in both hard and soft copies which shall at the minimum contain the following information for each member:

–

- a) the name of the member in full;
- b) the unique membership number assigned to the member;
- c) the national identity card number or passport number of the member;
- d) the personal identification number (PIN) of the member issued by the Kenya Revenue Authority;
- e) the number of shares subscribed to by the member;
- f) the total value of the shares subscribed to by the member;
- g) the gender of the member;
- h) the date of birth of the member;
- i) the addresses of the member including postal, physical, email address or other electronic addresses;
- j) The registration number(s) (Number Plate) of the vehicle(s) of the member;

- k) The log book number(s) of the vehicle(s) owned by the member
- l) the names and addresses of the next of kin of the member; and
- m) any other information or details as may prescribed.

12 MANAGEMENT COMMITTEE TO ADMIT MEMBERS

Members shall be admitted to the cooperative by the management committee subject to confirmation/ratification by the general meeting held immediately following such admission.

13 MEMBER ENTITLED TO COPY OF BY-LAWS

Upon admission into the membership of the Cooperative, a member shall be entitled to receive a copy of these By-Laws in an appropriate electronic format through the member's disclosed electronic address; provided that upon request in writing a member shall be supplied with a physical or hard copy of the By-Laws upon payment of a fee not exceeding its actual cost.

14 REFUSAL OF ADMISSION

The Committee may refuse admission to a person after assigning reasons for their decision. Such a person, if otherwise eligible for membership, shall have the right to appeal to the next General Meeting through another member.

15 RIGHTS OF MEMBERS

A member of the cooperative shall have the right to:

- a) attend and participate in decision-making at all general meetings of the cooperative and vote;
- b) be elected to organs of the cooperative, subject to these by-laws;
- c) enjoy the use of all the facilities and services of the cooperative; and
- d) subject to the cooperative's by-laws; all legitimate information relating to the cooperative, including: -
 - (i) Internal regulations, registers, minutes of general and supervisory meetings,
 - (ii) Committees, reports, annual accounts, inventories, and
 - (iii) Investigation reports, at the society's registered office.

16 OBLIGATIONS OF MEMBERS

A member of the cooperative shall have the obligation to: -

- a) observe and comply with all the cooperative's by-laws and decision taken by the relevant organs of the cooperative;

- b) buy and pay up for shares or make any other regular payments provided for in these by-laws; and
- c) meet the debts of the cooperative in case of insolvency in accordance with the provisions of the Act and these by-laws.

17 CESSATION OF MEMBERSHIP

Membership in the cooperative shall cease with effect from the date of: -

- a) death;
- b) withdrawal;
- c) expulsion;
- d) transfer of all shares to another member;
- e) ceasing to hold qualification for membership as specified in these by-laws; and
- f) ceasing to hold a share in the cooperative in accordance with these by-laws.

18 SUSPENSION/EXPULSION

The committee may suspend a member subject to the decision of the general meeting to expel who: -

- a) fails to fulfill his obligations to the cooperative whether stated in the Act, Rules or these by-laws, general internal regulations, or a resolution of the general meeting, provided such a member has been called upon to-do so but has failed;
- b) Is a member of another co-operative carrying out the same activities and in the same area of operation as this cooperative; and
- c) acts in any manner prejudicial to the interests of the cooperative and fails to observe laid down code of conduct and legal requirements prescribed by regulators,

Provided that, no member shall remain in suspension for a period of more than 12 months.

19 PROCEDURE OF SUSPENSION

- a) Upon formal and written proof that a member has committed a violation punishable by expulsion, the committee shall serve thirty (30) days written notice to the member stating the reason(s) for the proposed expulsion and requiring the member to file a defense;

- b) Upon the expiry of the 30 days and taking into consideration the member's defense, if any, the committee shall initiate administrative inquiry and make a decision on its findings within 15 days;
- c) The Committee may: -
 - (i) suspend the member pending expulsion by the General Meeting, or
 - (ii) Impose any other punishment as provided for in the applicable law;
- d) the committee shall present their findings to the next General meeting that may either lift the suspension or expel the member;
- e) a member who is expelled from the cooperative shall have the right to appeal to the tribunal; and
- f) the committee may propose to the police and NTSA to take appropriate action for continued non-compliance aspects on the members and riders

20 WITHDRAWAL FROM COOPERATIVE

A member may at any time withdraw from the society by giving at least Sixty (60) days written notice to the committee.

21 PAYMENT ON CESSATION OF MEMBERSHIP

On cessation of membership, a person shall be refunded the following amounts:

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- a) any dividends or interests due to the member prior to the date membership ceased; and
- b) any other sums held by the cooperative on member's behalf after deduction of any sum owed to the cooperative.

22 NOMINEE

- a) every member shall nominate in writing one or more persons as nominee (s);
- b) the nomination shall be attested by two witnesses who are members of the cooperative;
- c) the names of such nominee(s) shall be entered in the nominee register; and
- d) a member shall have the right to change nominee(s) in writing in the presence of two attesting witnesses who are members of the cooperative.

23 PAYMENT TO NOMINEE

The cooperative, after satisfying itself and after obtaining such documentary proof of the death of a member, as it may consider necessary, shall pay to the nominee the value of the deceased member's deposits, interest and dividend after deducting monies owed to the cooperative, if any.

24 ADMISSION OF NOMINEE

A nominee may be admitted to membership of the cooperative if the nominee meets the eligibility qualifications as per these by laws. On admission, the shares, interest and dividends (if any) due to the deceased member shall be transferred to the account of that nominee.

25 FUNDS OF THE COOPERATIVE

25.1 The funds of the cooperative shall consist of:-

- a) entrance fee;
- b) unlimited number of shares of Kshs..... each;
- c) route management fees;
- d) administration fees and penalties;
- e) statutory reserve fund and any other reserve fund as may be kept by the cooperative;
- f) Levies charged for filling vehicles with passengers at the bus stops (Mkazano)
- g) surplus resulting from the operation of the cooperative;
- h) Any donations, gifts from other bodies, organizations and individual.

21.2 The funds of the cooperative shall be applied to the promotion of the stated objects of the cooperative as set out in these by-laws and purpose set out in the Act and Rules and shall be invested in:

- a) investments and securities as are authorized for the investment of trust funds;
- c) the shares of any other co-operative;
- d) any bank licensed under the Banking Act;
- e) the stock of any statutory body established in Kenya or in any limited liability company incorporated in Kenya or in any other manner approved by a resolution at a general meeting of the cooperative.

26 SHARES

Every member shall hold at least twenty shares of Ksh. each or as may be determined by the general meeting from time to time. However, no member shall hold more than one-fifth of the total shares of the cooperative.

27 TRANSFER OF SHARES

- a) With the approval of the Committee, a member may at any time transfer his shares to another member but not to any other person. Such transfers must be in writing and at nominal value.
- b) All transfers of shares between members shall be registered with the cooperative and no transfer shall be valid unless so registered. A fee of Kshs....., or as may be determined by the committee, shall be payable by the transferee to the cooperative.

28 ROUTE MANAGEMENT FEE

The cooperative shall charge a route management fee. The fee shall be determined by the general meeting from time to time.

29 LIABILITY

- a) The liability of members shall be limited to the nominal value of the shares held by them.
- b) In the event of liquidation, where available funds are insufficient to pay the full nominal value of the shares held by members, the funds shall be distributed pro-rata among the shareholders according to the amount of shares held by each.

30 POWER TO BORROW

- a) Loans may be obtained from non-members subject to the maximum amount and terms approved by the general meeting and the Commissioner.
- b) For the securing of any loans accepted by the cooperative under paragraph (a) above, the cooperative may grant a charge over its assets.
- c) The authority to grant a charge shall be reserved to the general meeting
- d) No charge shall be valid unless registered with the Commissioner
- e) The rate of interest on loans shall not exceed the prevailing market rates.

31 RECEIPTING AND PAYMENT OF MONEY

- a) Money paid on account of shares, interests, fees, fines or on any other account shall be evidenced by a printed receipt in a form to be approved by the Committee.
- b) Where money is paid through an electronic platform, receipts numbers generated by such platforms shall be deemed to be receipt issued by the cooperative for the purpose of a) above.
- c) Every person paying any money on behalf of the cooperative shall be identified on the receipt.
- d) Should the receipt given to the member by the cooperative be lost or destroyed, immediate notice of such fact shall be given by the member to the treasurer who may be authorized by the Committee to issue a duplicate receipt.
- e) The Committee may require the member to sign an indemnity to protect the cooperative against any loss due to the issuance of such duplicate.
- f) The committee may also require payment to the cooperative of a reasonable fee to cover the cost of issuing the duplicate receipt.

- g) Payments made by the cooperative shall be evidenced in writing in a form of payment voucher approved by the committee.

32 STATUTORY RESERVE FUND

- a) The cooperative shall pay into the statutory reserve fund, maintained in pursuance of the provisions of the Act, one fifth (1/5) of the net surplus resulting from the operations of the cooperative during a financial year.
- b) The statutory reserve fund of the cooperative shall be invested in the manner provided for in these by-laws and the Act.
- c) The statutory reserve fund shall be indivisible and no member shall be entitled to claim a specific share of it.
- d) No withdrawal shall be made from the statutory reserve fund of the cooperative without a resolution from the general meeting and a written approval from the Commissioner.

33 GENERAL MEETING

- a) The supreme authority of a co-operative shall be vested in the general meeting at which members shall have the right to attend, participate and vote on all matters.
- b) A general meeting of a cooperative shall be convened by giving at least fifteen days written notice to the members.
- c) An annual general meeting shall be convened within four months after the end of the cooperative's financial year.
- d) Any business not completed at the annual general meeting, may be taken up at a subsequent special general meeting of the cooperative
- e) A special general meeting of the cooperative may be held when convened by the: -
 - (i) Committee;
 - (ii) Commissioner;
 - (iii) Committee within fifteen (15) days of receipt of a written notice by at least fifty members or one fourth of the members, whichever is less stating the objects and reasons for the meeting. Provided that, the notice is deposited by registered mail at the cooperative's address or delivered to the manager at the cooperative's offices within normal working hours.
 - (iv) If the committee fails to convene a meeting within fifteen days of receiving a notice from the members demanding the meeting, the members may themselves convene the meeting by giving notice to the other members of the cooperative, stating the object and

reasons for the meeting and the fact that the committee has failed to convene the meeting.

34 DUTIES OF ANNUAL GENERAL MEETINGS

The annual general meeting shall have the powers and duties prescribed in the Act, Rules and these by-laws. It shall:

- a) consider and confirm the minutes of the previous annual general meeting;
- b) consider reports of committees, the Commissioner or his representative;
- c) consider and adopt audited accounts;
- d) consider and resolve on the manner in which any available surplus shall be distributed or invested, subject to the Act and Rules;
- e) elect or remove members of the management committee and the supervisory committee, subject to the Act, Rules and these by-laws.
- f) fix the fees to be charged for route management;
- g) fix the indemnity for the elected committee members, supervisory committee and management staff;
- h) consider recommendations from the management committee on suspension of members;
- i) consider appeals against refusal of membership by the management committee;
- j) confirm or reject admission of new members by the committee;
- k) fix the maximum liability, which the cooperative may incur in loans from both members and non-members;
- l) approve the estimates of income and expenditure for the financial year following the general meeting.
- m) fix the honoraria, if any, for officers of the cooperative;
- n) approve the management structure, including the establishment of branches to facilitate efficient and cost-effective delivery of services to members;
- o) affiliate the cooperative to national cooperative organization for transport cooperatives and the apex cooperative;
- p) appoint bankers, auditors and advocates of the cooperative for the ensuing year; and
- q) transact any other business of the cooperative for which notice has been given to members in the manner prescribed in these by-laws.

35 RECORD OF BUSINESS

- a) All business discussed or decided at the general meetings shall be recorded without erasures and corrections in a minute book, which within one week of the meeting, shall be signed by the chairman of the meeting and at least one other committee member who was present at the meeting, to indicate that in their opinion the minutes are a true and complete record of all matters discussed or decided at the meeting; and
- b) At the next meeting after approving any alterations or variations which shall be written immediately below the above signatures and not as alterations to the original record, the meeting shall by resolution authorize the chairman to sign and date the final record.

36 NOTICE OF MEETINGS

- a) The general meetings shall be convened by giving atleast15days written notice to the members;
- b) The Honorary Secretary shall take all usual steps to publish the notice of the meeting in public places, on the cooperative's notice board(s), in local newspapers or news-sheets, the media including social media or any other mode decided by the members; and
- c) All notices shall include a statement of the business to be dealt with.

37 QUORUM

- a) Except when convened by the Commissioner, the presence of at least members or 25% of the total membership,whichever is less, shall constitute a quorum for the conduct of business at the general meeting;
- b) When a quorum is not attained, the chairman shall adjourn the meeting and shall fix a date within one month for the adjourned meeting, which shall be advertised as prescribed in these by-laws; and
- c) If at such a meeting a quorum is again not attained, the chairman shall declare the meeting open with those present one hour after the advertised time of the meeting.

38 ELECTIONS

- a) In every notice of a general meeting convened in accordance with these by-laws, where elections will be held, the committee shall notify the members of the vacancies arising in both the management committee and the supervisory committee;
- b) Persons interested in vying for vacant positions shall apply in writing to the vetting committee within stipulated time provided in the notice;

- c) During elections, the returning officer shall call for candidates as approved by the vetting committee;
- d) Each candidate shall have a proposer and a seconder.
- e) The method voting shall be as prescribed in the cooperative election policy or as decided by the general meeting. The method may be secret ballot, queuing or by show of hands;
- f) No member shall be entitled to vote by proxy;
- g) Irrespective of the number of shares held by him, no member shall have more than one vote;
- h) Within fourteen(14) days of the elections, the Honorary Secretary shall forward to the Commissioner election returns which shall include: -the names, identity card numbers, phone numbers and addresses of all persons elected; and
- i) A new committee elected at the General Meeting shall not assume office unless they have satisfied the requirements of the Act, Rules and these by-laws.

39 THE MANAGEMENT COMMITTEE

- a) The management committee shall be the governing body of the cooperative elected from the general membership and shall consist of..... members;
- b) The management committee shall include the chairperson, vice chairperson, treasurer and secretary all of whom shall be appointed by the management committee within themselves;
- c) Members of the committee shall hold office for a period of three years provided that, one-third of the committee members shall retire every year but eligible for re-election. The chairperson and the vice chairperson shall be the last to retire; and
- d) If during the term of office of a committee, a vacancy occurs in the committee,
the committee shall if the number of members drops below five (5), co-opt qualified member(s) into the committee until the next general meeting.

40 ELIGIBILITY FOR MEMBERSHIP TO THE COOPERATIVE COMMITTEES

No person shall be eligible for membership in the management committee or supervisory committee of the cooperative unless the person: -

- a) owns a motor vehicle;
- b) Is a member of the co-operative;
- c) Is over eighteen years of age;
- d) is able to read and write;

- e) does not receive any remuneration, salary or other payments from the co-operative society save as in accordance with this Act;
- f) Is not a committee member or a supervisory committee member in two other cooperatives;
- g) does not trade either on his own account or some other person's account in the same type of goods or produce as the cooperative;
- h) Is not bankrupt;
- i) Is of sound mind;
- j) has not been convicted of any offence involving dishonesty or is sentenced to imprisonment for a term exceeding three months;
- k) has not been convicted of any offence under this Act or rules made there under;
- l) does not have any un-cleared debt owing to the society at the end of its financial year other than in respect of a loan granted under the provision of any rules made under the Act;
- m) Is not a person against whom any amount of money is due under a decree, decision or order or is pending recovery under the Act; and
- n) does not hold an elected or nominated office in the national or county level of government.
- o) has not been a member of the supervisory committee within two (2) years preceding the date of the anticipated election.

41 MANAGEMENT COMMITTEEMEETINGS

- a) Meetings of the management committee shall be held regularly but up-to a maximum of fifteen (15) sittings annually. At least five members of the committee shall form a quorum for the disposal of business.
- b) If a member of the committee fails to attend three consecutive meetings without a valid reason thereon, or otherwise fails to perform his duties, the committee position may be declared vacant and the vacancy filled as provided for in these by-laws.

42 RECORD OF BUSINESSOF THE MANAGEMENT COMMITTEE

- a) All business discussed or decided at the committee meeting shall be recorded without erasures and corrections in a minute book, which within one week of the meeting, shall be signed by the chairperson of the meeting and at least one other committee member who was present at the meeting to indicate that in their opinion the minutes are a true and complete record of all matters discussed or decided at the meeting; and

- b) At the next meeting, after approving any alterations or variations, which shall be written immediately below the above signatures and not as alterations to the original record, the meeting shall, by resolution, authorize its chairperson to sign and date the final record.

43 DUTIES AND POWERS OF THE MANAGEMENT COMMITTEE

The management committee of the cooperative shall subject to any directions from the general meeting generally direct the affairs of the cooperative. Its procedures, powers and duties shall be as prescribed by the Act, Rules and these by-laws. In particular, it shall:

- a) observe in all its transactions the Act, the Rules, Commissioner circulars, NTSA circulars, these by-laws, general meetings resolutions and prudent business practices;
- b) act upon all applications for membership;
- c) make provision for orderly conduct of business by its members;
- d) ensure are the riders in engaged are registered with NTSA and other relevant authority and they have valid driving/riding licenses;
- e) maintain a physical and a digital register of daily riders schedules indicating the rider (Name, ID No. Tel) , route and the motor vehicle particulars;
- f) make provision for sufficient funds for loans to members;
- g) ensure that true and accurate records and accounts of the bond, or other security, which shall be given by the member of the committee or employee having custody of or handling funds or property of the cooperative;
- h) determine and recommend to the general meeting the rate of route management levies;
- i) determine and recommend to the general meeting the interest rates on loans, the maximum maturities and terms of payment or amortization of loans from time to time and the maximum amounts that may be loaned with or without security to any member;
- j) cause the audited accounts and estimates of income and expenditure (budget) to be displayed in a conspicuous place at its registered office and branches or be provided through appropriate social media platforms at least two weeks before presentation to its members at the general meeting;
- k) lay before the general meeting audited accounts, together with proposals for the disposal of net surplus, if any;
- l) lay before the general meeting the statement of income and expenditure for approval;

- m) recommend to the general meeting the dividend rate to be paid on shares, if any, and interest to be paid on deposits;
- n) fill through co-option, vacancies occurring in the committee between general meetings;
- o) recommend investments of the cooperative;
- p) authorize the conveyance of properties subject to the relevant provisions of the Act and Rules;
- q) authorize borrowing and lending operations of the cooperative in accordance to the Act and the Rules;
- r) designate a depository or depositories for the funds of the cooperative;
- s) employ and fix the remuneration of the employees in accordance with the terms and conditions of service as approved by the commissioner;
- t) impose fines as provided for under these by-laws;
- u) approve transfer of shares;
- v) discipline non-compliant members through suspension and other relevant sanctions as set out in policy guidelines;
- w) handover errant and non-compliant members to relevant authorities;
- x) supervise the recovery and collection of loans from members;
- y) perform or authorize any actions consistent with the Act, the Rules and these by-laws, unless specifically reserved for the General Meeting;
- z) provide adequate budget for education and training of members, the committee and staff; and
- aa) Perform such other duties as the general meeting may from time to time direct.

44 LEGAL STANDARD OF CARE

In the conduct of the affairs of the cooperative, the members of the committee shall exercise the prudence and diligence of ordinary men of business and shall be held jointly and severally liable for any losses sustained through any of their acts, or failure to act, which are contrary to the Act, the Rules, the By-laws or the directions of the general meeting.

45 EXPENDITURE

No expenditure shall be authorized by the Committee unless it is provided for in the estimates formally approved by the general meeting.

46 INDEMNITY

- a) All officers of the cooperative shall each provide an indemnity of an amount approved by the general meeting.

- b) A duly completed Form V in the schedule to the Rules shall be lodged with the Commissioner within fourteen (14) days upon election or appointment.
- c) The indemnity shall be in the form of a bid bond guaranteed by either a deposit taking sacco (DTS), a bank or an insurance company.

47 DECLARATION OF WEALTH

All officers of the cooperative shall within 30 days of being elected declare their income, assets and liabilities to the Commissioner in the prescribed manner.

48 SUB-COMMITTEES

- a) For effective performance of its duties, the management committee may constitute itself into sub committees provided that standing sub committees shall not exceed four.
- b) The sub-committees shall consist of persons drawn from the management committee.
- c) The management committee may delegate to the sub-committees some of its powers and duties under these by-laws as it deems fit provided that responsibility shall still vest in the management committee.

49 EDUCATION SUB COMMITTEE

The education subcommittee shall consist of three members including the vice-chairperson who shall serve as its chairperson. Its duties shall be:-

- a) to organize education programmes for members, committee members, staff and the public;
- b) to ensure that both the committee members and the staff are well trained and prepared for the tasks they are entrusted with at the cooperative; and
- c) to create co-operative awareness to the public.

50 PROCUREMENTSUBCOMMITTEE

The procurement subcommittee shall consist of all the members of the management committee or as provided for by cooperative procurement and disposal guidelines.

51 ROUTE MANAGEMENT SUB COMMITTEE

The route management subcommittee shall consist of three members. Its duties shall be: -

- a) to ensure that there is law and order in the matatu termini;

- b) to ensure that only licensed drivers and conductors by NTSA are engaged by the cooperative
- c) To liaise with the relevant stakeholders in the sector for effective coordination of transport business; and
- d) To ensure that only serviceable, insured and compliant vehicles are allowed to operate in the designated route.

52 EXECUTIVE OFFICERS

- a) The chairperson, the vice chairperson, the treasurer and the honorary secretary shall be termed as the “executive officers of the cooperative” and shall be appointed at a meeting of the management committee held within seven (7) days after elections at the general meeting.
- b) The chairperson shall:
 - (i) preside over general meetings, committee meetings and joint meetings with the supervisory committee.
 - (ii) perform such other duties as may be directed to perform by the management committee, not inconsistent with provisions of the Act, the Rules and these by-laws
- c) The vice-chairperson shall perform: -
 - (i) the duties of the chairperson during his/her absence; and
 - (ii) such other duties as may be directed by the management committee.
- d) The duties of the honorary secretary are:
 - (i) to record minutes of the general meetings, committee meetings, and joint meetings with the supervisory committee;
 - (ii) to prepare and send notices of meetings;
 - (iii) to ensure that the cooperative's correspondence is promptly and correctly attended to; and
 - (iv) to perform such other duties as may be directed by the management committee.
- e) The duties of the treasurer shall be:
 - (i) to generally manage or cause to be managed the financial affairs of the cooperative in a competent manner;
 - (ii) to ensure that proper record is kept of all monies received and paid out by the cooperative its assets, liabilities, capital reserve and its income and expenses;
 - (iii) to ensure the safekeeping of the cooperative money, securities and books of accounts;

- (iv) to ensure that all payments and expenditures are dully authorized;
- (v) to ensure that within ten days after the closure of each month, a financial statement showing the condition of the cooperative finances at the end of the preceding month is prepared and submitted to the management committee or discussion;
- (vi) to ensure compliance with all directions of the management committee, the Act, the Rules and these by-laws on all financial matters; and
- (vii) to perform such other duties as may be directed by the management committee.

53 DELEGATION TO EMPLOYEES

- a) The committee may delegate to any employee of the cooperative such duties as it deems fit.
- b) Nothing in (a) above shall absolve the management committee from its responsibility of running the affairs of the cooperative in a proper and businesslike-manner.

54 SUPERVISORY COMMITTEE

- a) The cooperative shall have a supervisory committee consisting of three members each elected at the general meeting for a period of three years and one member of the supervisory committee shall retire annually eligible for re-election through rotation.
- b) No person who has been in the management committee within two (2) years preceding the date of the anticipated election shall be eligible for membership of the supervisory committee.
- c) The supervisory committee shall:
 - (i) hold quarterly meetings save for joint meetings with the committee;
 - (ii) have qualifications similar to those of committee members;
 - (iii) be required to have knowledge of accounts; and
 - (iv) be removed by a resolution of the general meeting.

55 DUTIES OF THE SUPERVISORY COMMITTEE

55.1 The duties of the supervisory committee shall include:

- a) Counter checking the effectiveness of the cooperative internal control systems through: -
 - (i) carrying out examination as may be necessary for the well being of cooperative and members in general and verifying the accuracy of the transactions of the cooperative.

- (ii) checking if cash and bank accounts are reconciled in good time;
- (iii) establishing whether the management of the cooperative use managerial tools i.e. budgets, trial balances, economic reports, long term plans and others and thereafter making necessary recommendations to the committee;
- (iv) preparing and presenting periodic reports to the management committee during joint meetings;
- b) presenting their report to the general meeting; and
- c) submitting its reports to the County Director for Cooperatives and the Commissioner.

55.2 The supervisory committee shall be held liable for any loss incurred due to their negligence in performing their duties.

56 SUSPENSION FROM THE MANAGEMENT COMMITTEE

- a) The Commissioner may suspend any committee member charged in a court of law with an offence involving fraud or dishonesty pending the determination of the matter.
- b) The management committee may suspend a committee member for:
 - (i) failure to disclose interest;
 - (ii) absenteeism for more the three consecutive meetings without a reasonable cause;
 - (iii) gross misconduct; and
 - (iv) any other good cause.

57 REMOVAL FROM THE MANAGEMENT COMMITTEE

A member of the Committee shall cease to hold office if he/she:

- a) ceases to hold qualifications of a committee member as specified in the Act, Rules and these By-laws;
- b) is removed by the Commissioner under the provisions of the Act; and
- c) is voted out by the members at the general meeting.

58 THE MANAGER

The manager shall conduct the business of the cooperative subject to overall control of the management committee. He/she shall be an ex-officio member of all management committee and all sub committees.

59 DUTIES OF THE MANAGER

The manager shall: -

- a) advise the management committee and sub committees in formulating the policies and programmes of the cooperative and implement these after approval;
- b) supervise the work of all staff and ensure that the business of the cooperative is conducted in a proper manner;
- c) ensure that proper books of accounts and records are well maintained, returns filed and periodic financial and operational reports are prepared and submitted to the committees and the Commissioner;
- d) be responsible for the security of the funds and assets of the cooperative;
- e) be responsible for the security of stores for resale;
- f) ensure safe custody of cooperative books, accounts, assets, registers, certificates, cooperative seal, cheque books and other accountable documents;
- g) ensure that all statutory deductions such as NSSF, NHIF contributions and P.A.Y.E are correctly calculated and that all the amounts due and the necessary returns are submitted by the due date;
- h) ensure that rent, rates, levies and debts due from and to the cooperative are paid by the due date;
- i) recommend to the management committee the filling of any vacant positions and dismissal of employees who are not performing their duties properly;
- j) attend general and committee meetings as an ex-official; and
- k) perform such other duties as may be assigned by the management committee.

60 BOOKS OF ACCOUNTS AND RECORDS

The cooperative shall keep up to date and in a proper business-like manner such books of accounts and records as stipulated in the Act, the Rules. In particular, the cooperative shall maintain: -

- a) register of members and employees as provided in by law No. 11;
- b) minute books giving details of proceedings of general meetings, management committee, joint management and supervisory committee, supervisory Committee meetings, vetting committee meetings and sub committees meetings held in accordance with these by-laws;
- c) Cash book showing the details of all monies received or paid out by the cooperative;
- d) general ledger containing such accounts as is necessary to reflect the business of the cooperative;

- e) personal ledger for each member showing transactions with the cooperative;
- f) asset register;
- g) register of loans to members showing in respect of each loan; the loan number, name of the borrower, the applied, the amount approved, the amount disbursed, the purpose of the loan, the due date of repayments and the date repayments were completed; and
- h) such other books and records as the management committee may decide or as the Commissioner may prescribe.

61 DELIVERY OF TRANSPORT SERVICES

- a) The cooperative shall provide transport services in line with guidelines prescribed by NTSA.
- b) Notwithstanding the provisions of a) above, the management committee shall prescribe the: -
 - (i) specifications and quality of the vehicles to be admitted;
 - (ii) routes to be served;
 - (iii) rates and modes of payment for services;
 - (iv) terms of engagement of the drivers and conductors and
 - (v) criteria of identification of the vehicles and drivers.
- c) The management committee shall make policies and guidelines as they deem fit regarding the kinds of services to which a pooling system shall be applied and shall decide on the periods of such pools and the quality of such service.

62 BINDING RULES

- a) Where the cooperative has exercised its powers under these by-laws and also entered into a contract with a member under the Act for the purpose of securing the performance of the obligations arising under the contract, the member shall not without first obtaining the written consent of the committee, dispose the vehicle.
- b) If a member acts inconsistently with the said contract, he shall pay to the cooperative, a sum estimated by the management committee, as loss arising from the breach of contract. Payment of such damages shall in no way exempt the imposition of a fine under these by-laws.

63 REGULATIONS

- a) The management committee may make such regulations, not inconsistent with these by-laws, as they deem necessary for the conduct of the cooperative's business.
- b) Any such regulations shall be recorded in the minute book, and posted on the cooperative's notice board and broadcasted through all available means and shall come into force when determined by the management committee and ratified by the general meeting.
- c) The cooperative shall formulate a code of conduct for its riders, members and officers.

64 AUTHORIZATION TO SIGN DOCUMENTS

- a) All documents, contracts and cheques shall be signed on behalf of the cooperative by any three of the following:
 - (i) chairperson;
 - (ii) vice chairperson;
 - (iii) secretary; and
 - (iv) treasurer.
- b) The manager shall countersign all the documents.
- c) The management committee may authorize any other officer to sign the cooperative's documents.

65 FINANCIAL YEAR

The financial year of the cooperative shall be from 1st January to 31st December.

66 DISPOSAL OF SURPLUS FUNDS

Subject to the Act and Rules, the net surplus resulting from operations of the cooperative during any financial year shall be disposed of as follows:

- a) 20% shall be credited to the statutory reserve fund;
- b) the balance may be disposed of as decided by the general meeting for:
 - (i) paying dividends on shares and interest on deposits;
 - (ii) being forwarded to education fund or any other fund or funds of the cooperative including the appropriations;
 - (iii) paying honoraria to committee members; and
 - (iv) any other way approved by the general meeting.

67 LOANS SCHEME

- a) Notice shall be given to all members when the cooperative intends to start a loan scheme.
- b) All schemes of loans to members shall be subject to approval by the general meeting and such loans may include vehicle, spare parts, tyres insurance, vehicle refurbishment, emergency, and development.

68 APPLICATION AND GRANTING OF LOANS

- a) All loans shall be applied for on application forms provided by the cooperative.
- b) All loans shall be granted by the management committee.
- c) Loans shall be considered in the order in which the application is made.
- d) The applicant shall attach the necessary documents in support of the loan application.
- e) The loan agreement between the borrower (member) and the cooperative shall be in writing and shall be signed by the borrower and sealed on behalf of the cooperative by the officers authorized to sign.
- f) If the agreement is not written in, the borrower's own language it shall contain a clause stating that he had the meaning explained to the borrower and the borrower understood it.
- g) Where a certain fixed sum is available for loans, no loan to one person shall be for more than one tenth (1/10) of this sum.
- h) Loans shall be granted by the management committee subject to the credit limit.

- i) The management committee shall not grant a loan, which in its opinion does not benefit the borrower in the immediate future or violates the objects of the cooperative.
- j) No loan shall be granted except for a specified and approved purpose, for a definite period of time and at a definite rate of interest.
- k) Any request for an extension of time in which to pay shall be agreed to only in most exceptional circumstances such as natural calamities. Any extension so granted shall be treated as though it was a new loan and a new agreement shall be signed.
- l) Credit for purchase of vehicle shall be granted to a member after the assessment of his capacity to pay.
- m) For better management of loans, the cooperative shall formulate a savings and loan policy.

69 SECURITY FOR LOANS

- a) The agreement form shall clearly state the amount of the loan, the rate of interest, the date of full repayment and the purpose of the loan, and the nature of the security provided which shall be mandatory.
- b) Member's asset, past performance and credit limit thereof shall be put into consideration while granting loans.
- c) Where one or more personal guarantors of a loan are required by the management committee, the management committee shall not accept as guarantor a member who has a loan and has already guaranteed three loans.
- d) No member of management committee or a supervisory committee shall act as an endorser or guarantor for borrowers from the cooperative.
- d) A borrower may apply to the management committee for a change of guarantor.
- e) Any loan overdue for payment for more than three months shall be referred to the guarantors if the cooperative shall give notice of such intention to the borrower and guarantors.

70 CASH RESERVE

Except as otherwise authorized by the general meeting and approved by the Commissioner, a cash reserve shall be maintained of not less than percent (10%) of total share capital for the specific purpose of meeting requests for share withdrawals and other emergency pay-outs. The cash reserve may consist of cash in hand, the balance in the current and savings accounts, and fixed deposits.

71 COMMON SEAL

- a) The cooperative shall adopt and use a common seal. The seal shall have an imprint bearing the words ".....
TRANSPORT COOPERATIVE SOCIETY LIMITED" which shall be different from the ordinary name-stamp of the cooperative.
- b) The seal shall be kept securely under lock and key by the Hon Secretary or Manager and shall be used only in the presence of the officers authorized to sign documents on behalf of the Cooperative.

72 FINES

For any breach of these by-laws or lawful instructions issued by the management committee and general meeting, or failure of a member to pay his obligations on time, the member shall be fined an amount not exceeding Kshs. 20,000.00

73 DISPUTES

If any dispute concerning the business of the cooperative: -

- a) among members, past members and persons claiming through members or past members and deceased members; or
- b) between members, past members or deceased members, and the cooperative, its management committee or any officer of the cooperative; or
- c) between the cooperative and any other cooperative; and which cannot be determined by the management committee or general meeting it shall be referred to the Commissioner for Alternate Dispute Resolution and then appeal to the Tribunal. Further appeals by the aggrieved party shall be referred to the High Court.

74 INSPECTION OF DOCUMENTS

- a) All books of accounts and other records shall at all times be available for inspection to all members of the management, supervisory committee of the cooperative, County Director for Cooperatives and to the Commissioner.
- b) Other records that shall be available for inspection include: - copy of the Act, the Rules, the by-laws and the cooperative 's registration certificate
- c) A list of members excluding details of nominees, shareholdings and loans shall be available for inspection by any member and any other stakeholder upon payment of the prescribed fees.

75 DISSOLUTION

The cooperative shall be dissolved in accordance with the procedures set forth in the Act and Rules.

76 MISCELLANEOUS

- a) No management committee member or supervisory committee member shall receive from the cooperative any payment apart from sitting allowance, actual cost of travelling and subsistence allowance while working on the cooperative's business, except an honorarium from the net surplus as allowed in these by-laws.
- b) The management committee members, supervisory committee members and employees of the cooperative shall hold in the strictest confidence all transactions of the cooperative with its members and all information in respect to their personal affairs except to the extent deemed necessary by the management committee in connection with the making of loans and the collection thereof.
- c) When any management committee member is disqualified or otherwise, unable to perform his duties, the committee may co-opt another member or members of the cooperative to serve on the committee until the next general meeting.
- d) A copy of these by-laws shall be furnished to every member on request upon payment of a fee not exceeding its actual cost to the cooperative.
- e) No management committee member or supervisory committee member shall in any manner participate in the deliberations upon or determination of any question affecting his own financial interest. In the event of disqualification of any committee member, he shall withdraw from such deliberation or determination, and the remaining qualified committee members present at the meeting, if constituting a quorum may exercise, with respect to the matter, all powers of the committee.

77 AMENDMENT OF BY-LAWS

These by-laws may be amended in accordance with the Act and Rules but no amendment shall become effective until it is approved and registered by the Commissioner.

78 ACCEPTANCE

We the undersigned Executive officers of.....
Transport Cooperative Society Limited named herein do hereby accept and
receive these by-laws for and on behalf of the cooperative.

TITLE NAME ID NO. TEL NO SIGNATURE

CHAIRMAN.....

VICE CHAIRMAN.....

SECRETARY.....

TREASURER.....

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OFFICIAL CERTIFICATION

I CERTIFY that the foregoing by-laws of the..... Transport Cooperative
Society Limited have been approved and duly registered.

Given under my hand at Nairobi this Day of
.....20....

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COMMISSIONER FOR COOPERATIVE DEVELOPMENT