



Bylaws of Sanabel - The Microfinance Network of Arab Countries

As revised by the General Assembly Meetings:

Dead Sea, Jordan (17-18 December 2003)

Cairo, Egypt (8-9 December 2004)

Sana'a, Yemen (14 June 2007)

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Chapter One

Terms

Article (1)

The words and expressions mentioned in these articles shall have the meanings stated below wherever they appear in this article :

The term **region** shall mean : That region where countries are located whose official language is Arabic.

The term **network** shall mean : The Microfinance network of these Arab Countries- Sanabel

The term **members** shall mean : All institutions and individuals registered as members of the network.

The term **micro credit institution (MFI)** shall mean : The institution whose objective is to provide sustainable financial services to microentrepreneurs.

The term **sector** shall mean : Sustainable microfinancial services sector.

Chapter Two

Name, Headquarters and Objectives

Article (2)

- The Network shall be called, "Sanabel - The Microfinance Network of Arab Countries"
- Headquarters: The Headquarters of the Network is in Cairo, Egypt with the possibility of future branches both within Egypt and in other countries.

Vision Statement

Article (3)

Sanabel envisions all low income people in Arab countries with access to comprehensive financial services.

Mission Statement

Article (4)

Sanabel's advocates for growth, innovation, best practices & standardization of the microfinance sector in Arab countries.

Objectives and Activities

Article (5)

- 1- Strengthen the capacity of MFIs through needs-based training, technical assistance and peer exchanges.
- 2- Advocate for a positive and conducive microfinance environment and for the inclusion of microfinance in the financial sector.
- 3- Promote microfinance best practices among stakeholders in Arab countries through transparency, standardization, peer learning and information exchange efforts.
- 4- Foster innovation in the microfinance sector by researching and highlighting leading trends in technological developments, product diversification and new financial services.

Chapter Three **Membership**

Article (6)

Founding members¹ :

Country				
Egypt	1	Alexandria Business Association	ABA	Nabil Shami
	2	Dakhaleya Business Association	DBACD	Hasan Farid
	3	Save the Children/US MF Program	Attadamon	Reham Farouk
Jordan	4	Microfund for Women	MFW	Bassem Khanfar
	5	Jordanian Microfinance Company	JMCC	Khaled Ghazawi
	6	Al-Ahli Company for Microfinance	AMC	Ghassan Abu Yaghi
Lebanon	7	The Lebanese Association for Development	Majmoua'	Youssef Fawwaz
	8	Cooperation Habitat Finance	CHF	Mayyada Baydas
Morocco	9	Alamana Association	Amana	Fouad Abdelmomini
	10	Zakoura Foundation	Zakoura	Aziz Ben Ma'zouz
Palestine	11	Palestine for Credit & Development	FATEN	Nasir Abdelkarim
Tunisia	12	Enda- Inter Arabe	Crenda	Essma Ben Hamida
Yemen	13	Social Fund for Development	SFD	Kais Al-Iriani
	14	Tai'z Project to Develop Microenterprise	Tai'z	Anisa Hasan
First Organizing Committee	15	Managing Director of FATEN		Mohammed Khaled
	16	X-Director of Microfund for Women		Niveen Abboushi
	17	X-Director of Al-Majmoua'		Reda Ma'mari
Sponsor	18	Rockdale Foundation	Rockdale	David Weitnauer

Membership Categories and Criteria

Article (7)

Membership of the network is limited to the founders², MFIs, organization and individuals who applied for membership and fulfills criteria in one of the four categories:

Full Member

➤ Institutional Criteria:

- Focus on lending to microentrepreneurs
- Located and operating in one or more Arab countries
- Minimum of 2 years of operations as an MFI
- Minimum of 5,000 active clients in countries with populations in excess of 4 million, and a minimum of 3,000 active clients in all other countries.
- Working to achieve full operational and financial sustainability
- Committed to building transparency, evidenced by the annual submission of financial information to external auditors, the Micro banking Bulletin (MBB) and the Microfinance Information Exchange (MIX).

¹ Founding members are institutions and individuals that participated in the September 2002 conference at Hammamet, Tunisia, and declared their intention to join and pay membership fees by 31st December 2002.

² The founding MFIs and individuals are those who participated in the founders' meeting in Hammamet-Tunis during the period 26-28 of September 2002.

- Network Relationship
 - Committed to attend annual conference
 - Committed to pay annual dues and the cost of services
 - Committed to participate in General Assembly
 - CEO or deputy represents institution
 - Voice and voting privileges
 - Sanabel Board of Directors' members nominated/elected from this pool

Affiliate Member

- Institutional Criteria:
 - Focus on lending to microentrepreneurs
 - Located and operating in one or more Arab countries
 - Working to achieve full operational and financial sustainability
 - Committed to building transparency, evidenced by the annual submission of financial information to external auditors, the Microbanking Bulletin (MBB) and the Microfinance Information Exchange (MIX)
- Network Relationship
 - Committed to attend annual conference
 - Committed to pay annual dues and the cost of services
 - Committed to participate in General Assembly
 - CEO or deputy represents institution
 - Voice privileges
 - No vote
- In the event that a MFI operates in more than one country within the region but maintains centralized management (the same Board structure and Executive Director), the MFI and its subsidiaries / branches would jointly be considered to be one member and Sanabel would grant it one full or affiliate membership (subject to its meeting the requirements thereof).
- In the event that a MFI operates in more than one country within the region and maintains decentralized management (different Board structure and Executive Director in each regional office), then each office / branch would be considered a separate member and Sanabel would grant each branch / office one full or affiliate membership (subject to its meeting the requirements thereof).
- In the event that microfinance services are being provided under a bank / service company partnership, only the institution on which the loan portfolio appears on its books will be considered for membership with the network. The membership criteria for full or affiliate membership will then apply and the microfinance bank or service company would be granted full or affiliate membership subject to its meeting the requirements thereof.

Friends of Sanabel

- Institutional Criteria:
 - Individuals, banks, donors, technical assistance providers, trainers and non-MFI NGOs committed to the development of best practice microfinance Arab countries
 - Actively participating in the microfinance sector in Arab countries

- Network Relationship
 - Committed to attend annual conference
 - Committed to pay annual dues and the cost of services

National Networks

- Institutional Criteria:
 - Advancing Microfinance in the Arab region
 - Located and operating in one or more Arab countries
 - Is representative of more than 50% of the microfinance sector in area(s) of operation (i.e. members are serving more than 50% of active clients within the network's area(s) of work)
 - Focusing on activities that are results oriented
 - Working to achieve full operational and financial sustainability
 - Committed to building transparency and benchmarking amongst microfinance networks worldwide; evidenced by the annual submission of financial information to external auditors, Sanabel network, and SEEP Network

- Network Relationship
 - Committed to contribute staff time and travel costs to Sanabel activities and events
 - Committed to attend annual conference
 - Committed to pay annual dues and the cost of services

Membership Fees

Article (8)

The annual membership dues will be determined and modified by the General Assembly by majority vote:

- a. A late fee of 25% will be added to membership fees for members who do not pay their annual membership fees by the end of the first quarter;
- b. New members will pay annual fees according to the fiscal year they join Sanabel (for example even if a member joins in December of a certain year he/she are expected to pay membership fees for that year as well as renew fees in January for the following year);
- c. Any member who does not pay their annual membership fees after one year of its due date, their membership will be cancelled after the approval of the General Assembly;
- d. Any Sanabel services or activities provided to its members are only provided to that member and not to their affiliate or sister organizations at the membership rates and privileges.

Termination of Membership

Article (9)

The General Assembly by majority vote shall have the right to terminate the membership in any of the following cases :

1. If the member has failed to be an active and constructive participant in the activities of the network;
2. If the member has failed to pay the annual membership dues or any other amounts due one month after notification has been given;
3. If the member fails to meet any of the membership conditions/criteria which were defined above.

In case number 3, the General Assembly has the right to give the member a one-year probation period to improve their situation in order to fulfill the criteria/ conditions of the network membership.

Chapter Four **General Assembly**

Article (10)

The General Assembly is composed of all members of the network who have fulfilled their membership obligations.

The General Assembly Annual Meeting

Article (11)

- The General Assembly shall meet at least once a year at the Network's Annual Conference.
- The General Assembly could be called for extraordinary meetings to consider changes in the network bylaws, to disassemble the assembly, integrate it into another, remove one or more members of the board of directors, or any other issue outlined by the network bylaws that requires an extraordinary meeting.

Article (12)

The Board of Directors shall call a meeting of the General Assembly by written invitation to each member two months prior to the meeting date. The agenda of the meeting shall be attached to the invitation, which shall be sent by fax and/or by e-mail. Members may propose in writing additional agenda items at least one month prior to the meeting date. The meeting of the General Assembly shall discuss all the items on the agenda. The General Assembly is also entitled to consider issues not listed in the agenda with the consent of the majority of present members.

Article (13)

- The Executive Director or his/her deputy in the meeting of the General Assembly should represent MFIs that are members of the network.
- A General Assembly member may delegate, in writing, other member to represent him in the General Assembly Meeting according to the following conditions:
 1. Delegation is made with an official authorization.
 2. The delegation authorization must be signed by both parties and submitted one day before the meeting; a delegate shall represent no more than one member.
 3. Authorization must be submitted to the Executive Director or the Chairman of the board of directors before the General Assembly Meeting.

Article (14)

The meetings of the General Assembly shall be presided over by the chairperson of the Board of Directors. If s/he is absent, the meetings shall be presided over chaired by the chairperson's deputy. If s/he is absent, the board member who is most senior in age shall chair the meetings.

Article (15)

- The ordinary meeting of the General Assembly Meeting is considered valid with the attendance of an absolute majority of full members who have met their commitments to the network; the meeting is considered valid if attended by no less than 10% of

members or 20 members, whichever is less, provided the number of attendees in the first case is not fewer than five members.

- The quorum required for the General Assembly extraordinary meeting shall be one half of the full members plus one. If the quorum is not reached, no final decisions will be made at the meeting but will be carried over to the next meeting. If there are urgent issues that need to be resolved immediately, the Board of Directors can circulate these issues by email/fax among all members for discussion and voting .

Responsibilities of the General Assembly

Article (16)

At its ordinary/annual meeting, the General Assembly shall:

- 1- Discuss and approve the Annual Administrative and Financial report submitted by the Board of Directors regarding the network's operations, activities and financial status during the previous fiscal year.
- 2- Approve an external auditor. The auditor shall not be contracted for more than a three year series.
- 3- Elect the Board of Directors members.
- 4- Discuss and decide on any other issues included in the agenda or related to the network.
- 5- Decisions in the General Assembly meeting shall be made by a simple majority vote, except in regards to changing the bylaws, which would require a two-thirds majority vote.

Article (17)

A member may not vote when the member has a personal interest in the decision and there is a clear case of conflict of interest.

Chapter Five **The Board of Directors**

Article (18)

- 1- A Board of Directors composed of seven members manages the network. Members are to be elected through a secret ballot of the General Assembly.
- 2- Nominations for the Board will be opened a minimum of one month prior to the General Assembly meeting and will close at least 15 days before the General Assembly meeting.
- 3- The Board of Directors shall elect a chairperson from its members.
- 4- The members of the Board shall serve for a two-year term. However, the first Board will serve for three years.
- 5- Nominees must be CEO's of their MFI
- 6- No more than two Board of Directors members from one country will be eligible to serve at the same time.
- 7- No board member may be re-elected to the Board for more than two consecutive cycles. For the member to be re-elected, at least one election cycle must have passed

Article (19)

The chairperson will call a meeting of the Board of Directors twice a year. One of these meetings will be held via e-mail, phone and/or videoconference and the second meeting will be held during the annual conference.

Article (20)

The members of the Board of Directors are volunteers and they will not be paid salaries or allowances for their participation in the work of the Board. However, a Board Member is entitled to compensation for actual expenses incurred during the performance of work for the network, such as travel or living expenses.

Article (21)

Should a seat on the Board of Directors become vacant for any reason, it will not be filled before the next annual meeting. At this next annual meeting, the General Assembly will elect a substitute to remain a member of the Board of Directors until a new Board is elected.

Responsibilities of the Board of Directors

Article (22)

The Board of Directors shall have the following responsibilities:

- 1- Convene annual general meetings.
- 2- Implement decisions made by the General Assembly.
- 3- Set up policies necessary to achieve the network's objectives based on the discussions and decisions of the General Assembly.
- 4- Prepare an annual report of the network's activities.
- 5- Submit the annual accounts and budget for the upcoming financial year to the annual general meeting.
- 6- Select an Executive Director for the network, determine her/his job description, responsibilities, salary, allowances and any other benefits, supervise and evaluate her/his work.
- 7- Form subcommittees to perform assignments as necessary. The Board may delegate some of its responsibilities to any one of these subcommittees, as deemed appropriate, in order to achieve the network's objectives.
- 8- Recommend an auditor to the General Assembly and determine the auditors' fees.
- 9- Issue or amend the rules regulating its work and affairs when it deems necessary.
- 10- Discuss and approve the quarterly financial reports and planned expenditures submitted by the network Director.
- 11- Discuss and approve all membership issues (applications, terminations and reinstatements) and provide recommendations to the General Assembly for final approval.
- 12- Work to develop and maintain the financial resources of the network.
- 13- Exercise its right to reach agreements and contracts with external parties and to manage its own affairs and resources. If an agreement is made with a sponsoring organization, the network's independence in managing its affairs should not be affected. The relationship between the network and a sponsoring organization must be laid out in a clear and detailed agreement.

Article (23)

Responsibilities of Chairperson of the Board of Directors

The Board of Directors elects a chairperson who holds the following responsibilities:

1. Presiding General Assembly and Board of Directors meetings and meetings of internal committees and has the right to call for them.

2. Representing the network before administrative and judicial authorities.
3. Approving the agenda of Board of Directors Meetings and monitoring execution of decisions.
4. Representing the Network in signing contracts and agreements approved by the board of directors, while observing the cases that require approval of the General Assembly (outside the realm of the Executive Director.)
5. Signing checks and financial statements with the treasurer (in excess of \$25,000.)
6. Deciding on pressing issues presented to the general secretary that cannot be postponed until the executive committee meeting or the assembly of the board of directors. The issues and decisions made must be presented to the assembly at the first meeting.

In case the Chairman is absent, the vice-Chairman or whoever is appointed by the board of directors to handle his responsibilities shall assume his duties.

Responsibilities of the Treasurer

The treasurer handles all financial affairs according to the system defined by the finance auditor and approved by the Board of Directors.

Treasurer's responsibilities include:

1. General supervision of network resources, including expenses and income. He is responsible for organizing financial affairs and supervising them and presenting notes and memos to the Board of Directors.
2. Approval of expenses exceeding \$10,000 and keeping ledgers attesting to the legality of payment, or monitoring expenditures and keeping records.
3. Executing The Board of Directors' decisions regarding financial transactions.
4. Signing, along with the Chairman or his representative, checks, bank transfers, and new accounts for the network in various countries (in excess of \$25,000) for preliminary approval.
5. Reviewing income, expenses, and budget accounts after they have been reviewed by the auditor and preparing a final report to be presented to the Board of Directors.

Responsibilities of the Executive Director

The Executive Director's responsibilities include (as pertinent to the Board of Directors)

1. Preparing the agenda for the meeting and sending invitations to members; serving as meeting secretary—documenting meeting minutes and decisions and presenting them at the next Board Meeting for approval.
2. Preparing a ledger of the names and addresses of General Assembly Members.
3. Keeping logs of Board and General Assembly Meetings and sign it along with the Chairman.
4. Following up on the execution of board's decisions.

5. Preparing the annual report on the network's activities and presenting it to the Board of Directors.
6. Preparing the agenda of the general assembly and calling for its execution according to regulations and preparing agendas for extraordinary meetings.
7. Executing network commitments regarding member elections for the Board of Directors.
8. Supervising managerial duties and employee affairs.
9. Reviewing all correspondence received and forwarding it to the Board of Directors, the executive committee, or the Chairman, as appropriate.
10. Other responsibilities as assigned by the Board of Directors.

Chapter Six **Financial Matters**

Article (24)

- 1- The network's financial year shall begin on 1st January and end 31st December.
- 2- Each member of the network shall pay the annual dues and any other fees in accordance with the fees specified in these articles of association or determined by the Board of Directors pursuant to the terms of these articles. The Board of Directors shall announce the annual budget of the network in December of each year.

Network's Resources

Article (25)

The network's financial resources and revenues are composed of:

- 1- Membership fees and dues .
- 2- Donations and grants.
- 3- Fees charged by the network for services rendered to either members or to non-members.
- 4- Any other resources approved by the Board of Directors.

Article (26)

The Board of Directors may open a bank account for the network at one or more banks and may deposit the network monies therein. Only persons authorized by the Board of Directors shall make any account transactions. All transactions must be performed according to the financial policies and procedures and must be accompanied by clear documentation.

Auditing of Accounts

Article (27)

An external auditor recommended by the Board of Directors and approved by the General Assembly shall audit the network's accounts and financial records.

The accounting auditor is responsible for:

1. Reviewing network books, logs, and documents at the end of the fiscal year. The auditor has the right to request data and clarification as he deems necessary to perform his duties. The Board of Directors must provide the necessary information.
2. The accounting auditor must define a financial system that guarantees proper operation of the network.
3. Presenting a report on the final accounts and budget to the Board of Directors at least two months before the scheduled General Assembly Meeting, attached with his own notes regarding final accounts and budget.
4. If the accounting auditor fails to perform any of his duties, the Board of Directors has the right to call for an ordinary GA meeting accompanied by a report from the Board of Directors to discuss the matter and take suitable action.

Chapter Seven

Network's Term and Dissolution

Article (28)

1. The Network shall remain in existence until the General Assembly votes to dissolve it by a two-thirds majority vote.
2. If the network is dissolved, its monies, after settling all of its obligations, shall be distributed to non-profit activities according to the directives of the General Assembly.

Chapter Eight

The Founding Assembly

Article (29)

The founding General Assembly comprises the following members :

Founding members :

Country		MFI	Name	Signature
Egypt	1	ABA	Nabil Shami	
	2	DBACD	Hasan Farid	
	3	Attadamon	Reham Farouk	
Jordan	4	MFW	Bassem Khanfar	
	5	JMCC	Khaled Ghazawi	
	6	AMC	Ghassan Abu Yaghi	
Lebanon	7	Majmoua'	Youssef Fawwaz	
	8	CHF	Mayyada Baydas	
Morocco	9	Amana	Fouad Abdelmomini	
	10	Zakoura	Aziz Ben Ma'zouz	
Palestine	11	FATEN	Nasir Abdelkarim	
Tunis	12	Crenda	Essma Ben Hamida	
Yemen	13	SFD	Kais Al-Iriani	
	14	Tai'z	Anisa Hasan	
First Organizing Committee	15		Mohammed Khaled	
	16		Niveen Abboushi	
	17		Reda Ma'mari	
Sponsor	18	Rockdale	David Weitnauer	