



**International Co-operative
Alliance – Africa**
A Region of the International
Co-operative Alliance

LEGAL FRAMEWORK ANALYSIS

KENYA NATIONAL REPORT February, 2021



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ABBREVIATIONS

ICA	International Cooperative Alliance
KCC	Kenya Co-operative Creameries
KFA	Kenya Farmers Association
SACCOs	Savings and Credit Cooperatives Societies
SASRA	Sacco Societies Regulatory Authority
UK	United Kingdom

1 Introduction

The Legal Framework Analysis (LFA) is undertaken under the auspices of the Framework Partnership Agreement “Cooperatives in Development – People Centred Businesses in Action” between the International Cooperative Alliance (ICA) and the European Commission to which the Alliance Africa is a co-signatory.

Cooperatives benefit from regulations acknowledging their specificities and ensuring a level playing field with other types of business organizations. The absence of a specific legal framework for cooperatives or a weak legal framework may damage cooperatives, while in contrast a supportive regulation may allow their development. This is the reason why knowledge and evaluation of cooperative legislation is a necessary tool for ICA offices and members to support their advocacy and recommendations on the creation or improvement of legal frameworks, to document the implementation of cooperative legislation and policies, and to monitor their evolution. Against this background, the objectives of the LFA are: (i) to acquire general knowledge of the national legislation on cooperatives, including but not limited to the legislation in force in the 107 countries represented by ICA members, as well as of supranational cooperative legislation if existent; (ii) to evaluate the national jurisdictions covered by the LFA according to their enabling environment for cooperatives, in order to compare national cooperative laws with pre-determined indicators, based on a scale of “cooperative friendliness” of the national legislation; and (iii) to provide recommendations for eventual renewal of the legal frameworks in place.

1.2 About the Author

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2 General Context

The history of the co-operative movement in Kenya dates to 1908 when the first dairy co-operative was established by white settlers in Kenya. Notable cooperatives which were registered include Kenya Co-operative Creameries (KCC-1925), Kenya Planters Co-operative Union (KPCU-1923) and Kenya Farmers Association (KFA-1923). These organizations were originally registered as companies and only became registered as co-operatives in 1931 when the first Co-operative Ordinance was promulgated. The colonial government acknowledged the need for Africans to participate in economic development through cooperatives by enacting a new Cooperative Societies Ordinance in 1946. In 1955 the Swynnerton Plan paved way for the Africans to form more cooperatives as they were involved in growing cash crops. During the period 1932 to 1969 a total of 1,894 cooperatives were registered.

In 1965, Sessional Paper No.10 of 1965 on 'African Socialism' gave impetus to Africanization of the Kenyan economy and poverty eradication based on the principles adopted by the co-operative movement. In 1966 the Co-operative Societies Act (Chapter 490) was enacted. In 1997 Sessional Paper No. 6 on Cooperatives in a liberalized economic environment was adopted to review the governments' involvement in the management of co-operatives through provision of legislative framework that would enable cooperatives to survive in a competitive economic environment. In 1997 the Co-operative Societies Act No. 12 was enacted to limit the government's role in affairs of co-operative societies. However, in 2004 the Co-operative Societies Act of 1997 was amended to reintroduce some degree of government control through the Commissioner for Cooperative Development. The Cooperative Societies Rules (Amendment) Act No. 2 revamped the role of the Cooperative Tribunal to resolve cooperative disputes.

The Co-operative Societies Act Chapter 490 was revised and entered into force on 5th November 2004. Under legal notice L N/123/2004, Subsidiary legislation was made under the Co-operative Societies Act. When the Kenyan Constitution was enacted and promulgated in 2010, it brought changes to the cooperative regulatory system which led to the devolution of some administrative functions to Counties. Under the Constitutional framework, the functions of county governments include trade development and regulation of cooperatives.

In the National Government function cooperatives are regulated through the Ministry of Agriculture, Livestock, Fisheries and Co-operatives by the State Department for Co-operatives (SDC). Under the framework of the Co-operative Societies Act Chapter 490 of 2005 and the Cooperative Societies Rules 2004, the office of the Commissioner for Co-operative Development oversees all matters regarding: privileges of registered co-operative societies, rights and liabilities of members, rights and duties of co-operative societies, amalgamation and division of co-operative societies, property and funds of societies, inquiry and inspection, dissolution, surcharge, and settlement of disputes. There are provisions of Companies Act Chapter 486 sections described per schedule Part 1 in the Co-operative Societies Act.

Currently the Cooperative movement in Kenya is governed by the Cooperative Societies Act, Chapter 490 and the SACCO Societies Act of 2008. The Co-operative Societies Act relates to the constitution, registration and regulation of co-operative societies and for purposes incidental thereto. The SACCO Societies Act is an Act of Parliament that makes provision for the licensing, regulation, supervision and promotion of Sacco societies to establish the SACCO Societies Regulatory Authority (SASRA) for connected purposes.

The Cooperative Societies Act establishes the office of the Commissioner for Co-operative Development including other co-operative officers who are responsible for the growth and development of co-operative societies by providing such organization, registration, operation, advancement, dissolution and administration of the Act.

The Cooperative Societies Act protects the name 'cooperative' as no society is registered under a name identical with that which any other existing society is registered or under any name likely, in the opinion of the Commissioner to mislead the members of the public as to its identity.

The Cooperative Societies Act outlines the procedure and process of registration upon submission of the registration documents to the Commissioner for Cooperative Development. The essentials for registration of a society consist an application by at least ten (10) persons qualified for membership and a copy of the by-laws should accompany the application. Upon registration of a society, a certificate of registration will be issued by the Commissioner as evidence of registration of the society.

In the management of cooperative societies, members participate in running the affairs of the society by making decisions and resolutions in a democratic manner. Members' supremacy is exercised during general meetings where they have powers to elect or remove committee members. The shareholders also decide how surplus will be distributed at the end of the year. The government regulates the management of cooperatives through the office of the Commissioner for Cooperative Development that promotes the growth and development of cooperatives in Kenya.

The SACCO Societies Act establishes the SACCO Societies Regulatory Authority (SASRA). The authority is a body corporate with perpetual succession capable of suing and being sued, taking or acquiring, holding, charging and disposing both movable and immovable property, entering into contracts, borrowing or lending money, entering into contracts and performing such other things or acts necessary for the furtherance of the provisions of the Act.

SASRA's objects and functions include licensing SACCO societies to carry out deposit taking business in accordance with the Act, regulate and supervise SACCO Societies, hold, manage and apply General fund of the Authority, levy contributions and perform such other functions as are conferred by the Act.

The deposit-taking SACCO Societies have to be registered and hold a valid license. The SACCO intending to transact such business has to apply in writing to the Authority for license in the prescribed manner that include accompanying copy of certificate and the by-laws, evidence of the society's ability to meet minimum capital requirements, information relating to business, indicating the head office and branches if any, a report on membership, share capital, economic and financial environment. The authority may by notice revoke in writing the license of a SACCO society if it is wound up, fails to pay annual fees or does not hold at least fifty percent of the capital requirements.

SASRA is responsible for the regulation and supervision of SACCO societies by prescribing the prudential standards to be adhered to, by undertaking inspections to evaluate the financial affairs of deposit taking business, oversee workout plan for the SACCO Societies, prescribe the number of years the external auditors may serve and exercising such incidental powers necessary or requisite to enable it to effectively carry out its functions.

The Deposit Guarantee Fund is purposed to cushion members against loss of their deposits. Every SACCO is a contributor to the Deposit Guarantee Fund. The Board of Trustees is responsible for management of the Deposit Guarantee Fund.

The legal framework governing cooperatives supports the development and growth of cooperatives in Kenya. However, the powers vested in the office of the Commissioner for Cooperative Development are excessive and therefore slowing the growth of cooperatives.

This makes the law “cooperative unfriendly” as it interferes with the ICA’s principles on “*Autonomy and Independence*” democracy of cooperatives and democratic control of cooperatives by their members.

There is need to review the national cooperative law to improve the degree of cooperative friendliness to make it more favorable in the running and management of cooperatives. The State Department for Co-operatives in 2019 formulated a National Co-operative. The Policy was approved by Cabinet in the same year and is currently before Parliament for discussion.

Cooperatives are regulated by laws enacted by Parliament to govern the operations of cooperatives. These laws require the cooperative societies to incorporate the cooperative principles in their by-laws before registration. The existing laws are presented in Table 1 below:

Table 1: Existing Regulations in Kenya

Regulation	Type of cooperative and nature of regulation	Key Components	Link to Full Text
The Constitution Kenya, 2010.	All co-operatives	Devolvement of cooperative mandate from the national government to the counties	http://kenyalaw.org

The Co-operative Societies Act Cap. 490 Rev. 2005	All cooperatives	Relates to the constitution, registration, regulation and management of co-operative societies.	www.kenyalaw.org
By-laws of cooperatives	All cooperatives	Governs management of the societies	www.ushirika.ke
Sacco Societies Act, 2008	Deposit-taking Sacco's	Licensing and governance by SASRA.	www.kenyalaw.org
Income Tax Act, Chapter 470	All cooperatives	Taxation	www.kenyalaw.org

2.2 Specific Elements of Cooperative Law

2.2.1 Definition and objectives of Cooperatives

The Cooperative Societies Act does not precisely define what a 'cooperative' is but it is interpreted as a society registered under the Act that promotes social, economic benefits of its members.

Under the Cooperative Societies Act, the objectives of the society include the promotion of the economic interests of its members as per the co-operative principles. Each cooperative society registered has to specify in its by-laws the specific objectives to be undertaken in the promotion of the members' economic interests.

The Cooperative Societies Act and the by-laws of cooperatives define duties, rights and liabilities of members. A Cooperative society may carry out business transactions with the approval of its members.

A member of a society has to own at least *one share* and must fulfil the eligibility criteria as per the by-laws before admission. Members have the right to vote and every person has one vote regardless of the shares held. Cooperatives are allowed to carry out business that is permissible by law only.

The main characteristics that distinguish cooperatives from companies are as follows:

- (i) Cooperative societies are registered by the Commissioner for Co-operatives while Companies are registered by the Registrar of Companies.

- (ii) The registration of a primary cooperative society requires at least ten (10) persons qualified for membership and in case of a cooperative union at least two (2) of its members, but a company can be registered by one or more persons.
- (iii) Every cooperative member has to raise the minimum share contributions as prescribed in its by-laws but has at least to own one share in the cooperative. In companies the capital ownership is prescribed in the articles of association.
- (iv) Cooperatives are supposed to file their annual returns for every year to the Commissioner for Cooperative Development whereas companies are required to file their annual returns to the Registrar for Companies.
- (v) Cooperatives are audited by auditors from the approved and published list of auditors in the Kenya Gazette by the Commissioner for Cooperative Development. Auditors are approved and recommended by members in a general meeting. In companies, the auditors are considered and approved by the board of directors and the shareholders.
- (vi) The financial instruments such as the estimates for income and expenditure have to be approved by the members of a cooperative in a general meeting whereas in companies the directors approve such estimates.
- (vii) The governance of cooperatives thrives on democratic control of members who remain supreme as they elect the committee/board per the by-laws. The members can remove the committee/board in a general meeting upon a resolution of majority members present in a meeting and voting. Company's shareholders may not remove the board in a general meeting.

According to the Cooperative Societies Act, the objective of a cooperative is the promotion of the welfare and economic interests of its members in accordance with the cooperative principles. The Cooperative Societies Act and the by-laws define the rights and obligations of members, duties and responsibilities and liabilities of members, membership qualifications, limitation of holding share capital, voting rights transfer of shares and the member's rights vis- a-vis the cooperative society.

Members hold the supreme authority in decision making of the society and committee members are expected to follow those resolutions in the management of societies. The member promotion by a cooperative means the society transacting business that has economic value to the members

as per the activities such as marketing their produce, promotion of thrift among members or providing services required.

The member promotion is carried out by the management committee who assign duties to employees for that purpose. The various transactions with members have been assigned activities such as marketing, transport, savings and credit, front office operations for proper functioning of the society.

For these activities, the society develops policies that govern the operations in accordance with its by-laws. The government gives guidance in accordance with the respective laws and existing regulations in each service sector. The society by-laws stipulate that once they have been registered, they are binding to all members and they have an obligation to follow them.

A cooperative may carry out business with non- members only when the approval is given by the general meeting. Where marketing produce contracts and service providers are required, the committee is allowed to enter into contract on behalf of the society with such non- members.

When the society wants to borrow money from a financial institution the general meeting has to fix the maximum amounts to be borrowed and the maximum borrowing powers have to be approved by the commissioner. The extent to which a society may incur liabilities depends on the strength of the asset base and it should not exceed eighty percent (80%) of the total assets.

Cooperatives are allowed to pursue other objectives and diversify, if the said activities have economic and social value to the members of the society, as well as promoting their interests and benefiting the community in general. However, the general meeting has to approve such an undertaking.

A cooperative society may pursue other objectives and diversify if the said activities have economic, social value to the members of the society. Such economic activities desired by members must be permissible in law provided that the service is not offered by the government.

2.2.2 Establishment, cooperative membership and Governance

Registration of cooperatives is a requirement by the law and a certificate of registration is issued as evidence of registration. The Commissioner for Cooperatives maintains a register for all cooperatives and a copy of the registration certificate is substantial evidence of its registration. The

registered society must have fulfilled all the conditions for registration including submission of an application for registration in the prescribed manner, accompanied by four copies of its by-laws, and an economic appraisal.

Requirements for registration of a cooperative as follows:

- (i) Minimum number of ten persons for primary societies.
- (ii) Application for registration has to be made to the Commissioner by at least ten members
- (iii) The application form must be accompanied by four copies of the by-laws.
- (iv) The society has to have a unique name. A name search should be carried out in registry of the Commissioner for Cooperatives.
- (v) Democratically Officials elected.
- (vi) Registered office and address.
- (vii) An economic appraisal form for the viability of the proposed activity.
- (viii) Provide minutes of pre-cooperative education meeting for the members willing to join the cooperative.
- (ix) An economic appraisal of the activity being undertaken as evidence of viability of the society.
- (x) For a cooperative union any two registered cooperatives may apply for registration.
- (xi) Application for a secondary or apex society may be made by a person duly authorized in that behalf by each cooperative society or cooperative union who are members thereof.
- (xii) The Commissioner for Cooperative Development must be satisfied that the society by-laws comply with the provisions of the cooperative societies Act and rules made thereunder.

When the membership falls below the required minimum number of ten (10), or fails to file annual returns, then society can be dissolved by cancelling the certificate of registration and striking the name of the society from the register by the Commissioner for Cooperative. The public has to be informed of the cancellation through a Kenya Gazette notice. Every cooperative society after compliance with registration requirements must have a minimum of ten (10) members. Members are free to join or withdraw from the society after giving notice to the management committee. The committee is elected by members and can also be removed through elections.

The Committee has the responsibility to run the affairs of the society in a prudent manner and the manager has the responsibility of keeping proper records of the society.

Admission of members is regulated by the society management committee whose power is vested by Co-operative Societies Act and the society by-laws to admit such members. Cooperatives are not obliged to accept third parties as members.

Third parties wishing to join cooperatives are not permitted as they do not meet the eligibility criteria provided by the legislations.

Members are free to withdraw from the society as they wish without any hindrance or limitation. The procedure and process for exit by members is clearly outlined in the society by-laws before the dues are paid.

The voting power of members is provided for in the Cooperative Societies Act and the society bylaws. Each member of a society has one vote regardless of the shares held. Method of voting is normally outlined in the bylaws. In the voting, the person winning the election is declared after receiving majority of the votes cast. The principle of one member one vote is mandatory in the Cooperative Societies Act and the Society bylaws.

The general and internal structure of a cooperative are the members, the committee/board of directors, the management / Administrators. The governing body of the society is vested with the committee/board. The Cooperative Society Act and the By-laws clearly stipulate that members have the supreme authority and the committee/board are expected to implement the directives of the members. The member's supremacy and control is exercised during the general meetings where resolutions are passed for society management.

The Cooperative Societies Act and the Society by-laws does not allow non-members to become committee/board members of the society. Managers of the cooperatives attend meetings as staff and they do not have any voting rights in society affairs.

Duties and responsibilities of committee/directors

- (i) Enter into contracts.
- (ii) Institute and defend suits and other legal proceedings brought against the cooperative society.

- (iii) Keep proper and up-to date society books and records.
- (iv) Convene general meetings.
- (v) Hire and fire the employees.
- (vi) Generally, manage the affairs of the society in a businesslike manner.

Duties of the Manager

- (i) Maintain proper books of accounts.
- (ii) Countersign all society cheques.
- (iii) Attend committee/board meetings.
- (iv) Manage and supervise all society activities.
- (v) Prepare and present financial reports to the committee/board.

The committee /board members can be removed by the members if the majority members present in a meeting vote to remove them for non-performance. In the conduct of the affairs of the society committee members are expected to exercise the prudence of ordinary men of business and the law is clear that they will be held liable jointly and severally for their acts if the society sustains any losses. Committee members have to sign an indemnity bond and the manager equally is bonded to discourage fraudulent activities.

2.2.3 Cooperative financial structure and taxation

Members of a cooperative society may exercise their rights effectively after paying fees in respect to membership. The society by-laws prescribe the minimum share capital to be contributed by each member. Some activities require members to contribute equally towards a determined capital base while other contributions vary according to purpose. A member is limited to hold not more than 20 per cent of the total share capital of the society. Profits or surplus derived from business are shared only among cooperative members.

Every cooperative society is required to maintain a reserve fund by contributing 25% of its surplus earned in a particular financial year. Dividends and bonus are paid to members after the financial statements are audited and approved by the Commissioner for Cooperative Development. The laws governing cooperatives do not provide for patronage funds in a society.

Cooperatives are allowed to accept deposits from non-members on issuance of financial instruments. The external borrowing amount should not exceed the maximum limit fixed by members through the deliberations of fixing maximum borrowing powers during the general meeting. Maximum borrowing power must be approved by the Commissioner for Cooperative Development before the borrowing is done by the society.

In case a cooperative society becomes insolvent, a liquidator is appointed by the Commissioner and residual assets may be distributed among members once the liabilities are settled as per the approved scheme of distribution by the Commissioner for Cooperative Development.

Taxation of cooperatives is dependent on the tax regime and they pay tax from their declared profits. The tax levied consists of corporate tax on income, and withholding tax on dividends. There is no law that exempts cooperatives from taxation.

Taxation of cooperatives is subject to a specific tax regime, and they pay tax from their profit declared as surplus and incomes derived from their streams. The tax regimes of cooperatives are consistent because of their particular legal nature. The tax regime is supportive to the growth and expansion of cooperatives.

Tax measures for cooperatives consist of corporation tax on total income of the year deducting it from dividends and bonuses issued to members. Cooperatives in real estate remit capital gains tax. Dividends are taxed withholding tax. The principle of mutuality, which has ensured that mutual concerns are not taxed on dealings with members, does not hold as such there is no law to exempt cooperatives from taxation. The cooperative law requires 25% of the surplus to be retained as reserves before any deduction or tax levy.

2.2.4 Other specific features

Cooperatives as business organizations dealing with the public are subject to external controls by the government (State Department for Cooperatives) mandated to register and regulate the activities of the cooperatives. Other cooperatives such as Sacco's especially deposit taking are regulated by Sacco Society's Regulatory Authority (SASRA) established by the government for that purpose. In law, cooperatives do not have absolute control over their business.

Enforcement of cooperative laws gives the cooperatives some control through democratic rights exercised by the members but limited by the Act. Promotion of cooperatives and management of

the society affairs should continue being done by the cooperative members who are the owners of the business.

The principle of cooperation among cooperatives is a requirement to be incorporated by the society in its bylaws during registration as per Cooperative Societies Act. The law governing the formulation of secondary cooperatives (unions) and apex cooperatives is clear. Two (2) primary cooperatives are allowed to form a secondary cooperative (union). Membership to apex organizations is open to primary and secondary organizations and the law is clear that cooperatives are free to affiliate themselves upon payment of the subscriptions required by the organization.

The cooperatives that affiliate themselves to apex organizations, elect the board members who govern the affairs of the cooperatives. The national organizations are allowed to affiliate themselves to regional and international cooperative organizations in adherence to this principle of cooperation among cooperators.

3 Degree of “Cooperative friendliness” of National Legislation

The implementation of national cooperative legislation has been characterized by some tensions between cooperatives and the government. This is an indication that the degree of cooperative friendliness is not satisfactory. Members of cooperative societies have challenged various government actions in courts. There is over regulation of cooperative societies by the Commissioner for Cooperative Development who has enormous powers under the Cooperative Societies Act in relation to the following aspects:

- (i) Approval of borrowing powers;
- (ii) Requirement of society to keep proper books of accounts;
- (iii) Appointment of auditors;
- (iv) Convening of general meeting at any time and direct the business;
- (v) Removal of board/committee members upon inquiry/inspection of society affairs;
- (vi) Carrying out inquiries and inspections;
- (vii) Liquidation of cooperatives;
- (viii) Powers to prescribe the manner in which reserve funds shall be invested;
- (ix) Ordering for society elections and disqualifying committee members;
- (x) Surcharging persons who mismanage cooperative resources;

- (xi) Removal of committee/board if they fail to file indemnity forms within fourteen days after their election; and
- (xii) Requirement of elected leaders to file their wealth declaration as public officers.

Other factors which affect the friendliness of the law as follows:

- (i) The managerial and financial competences of a cooperative other than compliance requirements do not strengthen the management and financial competences of a cooperative.
- (ii) The current cooperative law does not provide an enabling business environment competitive with private organizations especially in decision-making.
- (iii) The cooperative law does not allow the non-members to share profits and other benefits despite dealings with the society.

Despite the hindrances in the law, the cooperative movement in Kenya is very successful. Cooperatives comply with the law and as a result they are able to achieve their objective of promoting members' interests, social and economic welfare. There are incentives given by the government for cooperatives in form of debt waivers, grants to boost production and economic activities of members. With regards to the degree of 'cooperative friendliness', the Cooperative Societies Act is more cooperative friendly than not.

Cooperative legislation has been changed over time by countries. The Indian cooperative law can be a source of inspiration for Kenya because it is elaborate, friendly and supports the promotion and growth of cooperatives. In the UK, the law allows registration of community benefit cooperatives that target young people and this is a model Kenya would borrow as the majority of the population is youthful.

4 Recommendations for improvement of national legal framework

The Cooperative Societies Act and the SACCO Societies Act as national laws governing cooperatives in Kenya need review in order to enhance growth, expansion and development of cooperative societies. The changes introduced by the Kenyan Constitution of 2010 devolving the cooperative mandate pose a challenge between the national and county governments in handling cooperative development matters.

There is a need for cooperative legislation to cater for potential sectors such as transport, real estate, and Information Communications Technology. Also, cooperative organizations with dual registration have posed a challenge to the government as the national law is inadequate. Moreover, cooperatives in Kenya have a slow uptake of technology, industrialization and value addition especially agricultural sector cooperatives.

There is need to improve the national law to give cooperatives more autonomy and independence. The government should be limited to exercise its control over cooperative business to make cooperative law friendly to the users. The Cooperative Societies Act and the SACCO Societies Act require improvement because over time, the manner of doing business in some sectors especially housing, marketing, transport, finance, and the service sector has changed. To address existing gaps, the government has developed the National Cooperative Development which provides for the review of the current cooperative laws. Once the Cooperative Societies Act and the SACCO Societies Act are amended, they will be tabled in Parliament for enactment. Moreover, in order for the national legislation to adequately support cooperative growth, expansion and development, cooperative legislation should be reviewed in order to address the following:

- (i) The Constitution of Kenya introduced a devolved structure of governance for cooperatives between national and county governments. The two main cooperative legislation namely the Cooperative Societies Act and the SACCO Societies Act have not been amended to conform to the devolved functions.
- (ii) There are co-operative societies registered both under the Cooperative Societies Act and the Companies Act thereby complicating the issue of supervision under the Cooperative Societies Act due to dual registration.
- (iii) Governance structures and enforcement mechanisms of cooperatives.
- (iv) Use of Information and Communications Technology (ICT) which has the potential to improve the performance and regulation of cooperatives.
- (v) Research and development.
- (vi) Financial stability in cooperative societies by establishing a cooperative fund.
- (vii) Participation of cooperatives in public private partnerships.
- (viii) Transform the transport SACCOs into transport cooperatives that will promote investments to modern public transport systems.

- (ix) Safeguard members in cooperative company's management and shareholding.

The specific general modifications and /or specific changes that would make national law more cooperative friendly is when the cooperatives have more autonomy and independence by reducing the powers of the Commissioner. The government has to allow cooperatives to make certain decisions once they are agreed upon by members in the general meeting, because not all cooperative business is addressed by the law. The emerging issues in the world economic order especially, Technology and Industrialization have not been considered in the current legal framework.

There is need to make changes in relation to the national legislation in the following sectors:

- (i) Marketing cooperatives due to market dynamism of the produce
- (ii) Housing cooperatives due to challenges in development and land concerns
- (iii) Sacco's- both deposit taking and non- deposit taking to be competitive
- (iv) Transport cooperatives- to harmonize national transport and safety rules
- (v) Service cooperatives to tap talents
- (vi) Consumer cooperatives
- (vii) Technology and industrialization
- (viii) International trade
- (ix) Online marketing

5 Conclusions

The legal framework analysis has clearly identified the gaps in the Kenyan cooperative law. There is need to reform the cooperative laws to enhance growth of cooperatives in the dynamic world. The main areas that require consideration include legal and regulatory framework, cooperative structure and financing, cooperative governance, cooperative production and value addition, Information and Communications Technology, cooperative education and research and other emerging issues in the sector. The State Department for Cooperatives have developed a cooperative policy and once finalized, it will pave the way for the review of the Cooperative Societies Act.