

Eswatini Legal Framework Analysis: Key Highlights

This one-pager aims to provide a brief overview of the most notable features of Eswatini's national cooperative legal framework, based on the work of national legal experts and ICA member input.

Cooperatives in Eswatini are registered and operating under the Cooperatives Societies Act, 2003 and Cooperative Societies Regulations 2005.

Main regulations: This table displays a selection of cooperative regulations identified by experts and ICA members. For the full analysis including all relevant regulations, see the full report

Regulation	Brief Description
Cooperative Societies Act, 2003	<i>Applies to all cooperatives. There is a 2021 Bill in place amending this Act.</i>
Cooperative Societies Regulations, 2005	<i>Regulations in conjunction with the Cooperative Societies Act, 2003</i>
The Financial Services Regulatory Authority Act, 2010	<i>This Act in section 83 (1) ousts the Department of Cooperative Development's mandate in regulating financial aspects of SACCOs</i>
National Cooperatives Development Guidelines and Directives, July 2019	<i>Guidelines and directives issued by the Commissioner for Cooperative Development in terms of regulation 72 of the Cooperative Societies Act, 2003</i>

Cooperative Friendliness: the Cooperatives Act creates a conducive environment for the development of cooperatives in the country. Besides, the National Co-operative Development Policy, 2017, recognizes cooperatives as instruments for social-economic development which focuses on associative economic strategy as a key factor for enabling more people to participate in creation, expansion and operation of viable and sustainable enterprises. However, there is an un-denied fact of over regulation of cooperatives in the country, in particular SACCOs. This places the friendliness of the cooperative legislation wanting.

Key recommendations for improvement: reforms are needed to (i) establish a mechanism for assisting newly registered cooperatives to access startup capital, (ii) address the high levies on SACCOs charged by the FSRA, (iii) harmonize the roles of the relevant stakeholders with regard to SACCOs regulation and (iv) address mismanagement of funds in cooperatives

Conclusions: Cooperatives receive the necessary support from the government and operate in compliance with the governing legislation, cooperative principles and values. The government recognizes the potential of cooperatives to operate in various sectors of the economy throughout the country and made an undertaking to ensure the legal framework on formation of cooperatives in various sectors of the economy is in place. This is demonstrated by the ongoing review of the Cooperative Societies Act, 2003, currently at the stage of a Bill which has been tabled for debate in Parliament to enhance efficiency & effectiveness in regulation and management of cooperatives.

