

Lesotho Legal Framework Analysis: Key Highlights

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

In Lesotho, the Cooperative Societies Act, 2000 and Cooperative Societies (Amendment) Act 2014, unifies the legal regime for all kinds of cooperatives.

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, 2000	<i>This Act repealed the Cooperative Societies (Protection) Act no. 10 of 1966 and the Cooperative Societies Proclamation no. 67 of 1948.</i>
Cooperative Societies Amendment Act 2014	<i>For all cooperatives</i>
Financial Institutions Act 2012	<i>For large financial cooperatives</i>
Financial Institution (Licensing Requirements) Regulations, 2016	<i>For large financial cooperatives</i>

Cooperative Friendliness: the National cooperative legislation is characterized by obstacles that may not create a favorable legal environment for cooperatives to thrive. Specific barriers include the fact that while the Cooperatives Act gives autonomy to cooperative societies to state their objectives in their by-laws; then again, the same robs the members of their benefit of self-regulation encapsulated in the autonomy and independence principle of cooperatives.

Key recommendations for improvement: (i) the powers of the Commissioner should be reduced (ii) cooperative financing should be only to the extent or decision by members and their competent staff (iii) liquidation of cooperatives should be referred to competent courts (iv) in dispute resolution, where the Commissioner has or can be proved to have conflict of interest, there should be guiding provisions in the Cooperative Act. (v) the autonomy of cooperatives to appoint its auditors without need for approval of Commissioner should be protected.

Conclusions: The Cooperative Movement in Lesotho has experienced setbacks brought about by unsupportive legislation and excessive regulation for many years. The legal framework analysis has identified areas that need urgent attention by legislators if cooperatives are to flourish in Lesotho. The ICA cooperative principles must be the backbone of friendly cooperative legislation. Members must feel independent and in charge of their own cooperative enterprises and take the praise for their success or the blame for their failures without pointing fingers to the legal provisions or the Commissioner.

