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US Overseas Cooperative Development Council

**INTERNATIONAL  
COOPERATIVE  
RESEARCH  
GROUP**

# CLARITY

## *Cooperative Law & Regulation Initiative*

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Expert Group Meeting on Harnessing the Power of Cooperatives

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# US Overseas Cooperative Development Council

- The mission of OCDC is to champion, advocate and promote effective international cooperative development.
- The Cooperative Development Program (CDP) is a global initiative of USAID. Through its grants and guidance, the CDP fuels the work of OCDC members in the areas of agriculture, finance and health.
- Cooperative-building and strengthening activities target governance, leadership, gender empowerment, youth engagement, financial management, market performance and advocacy.
- Members:



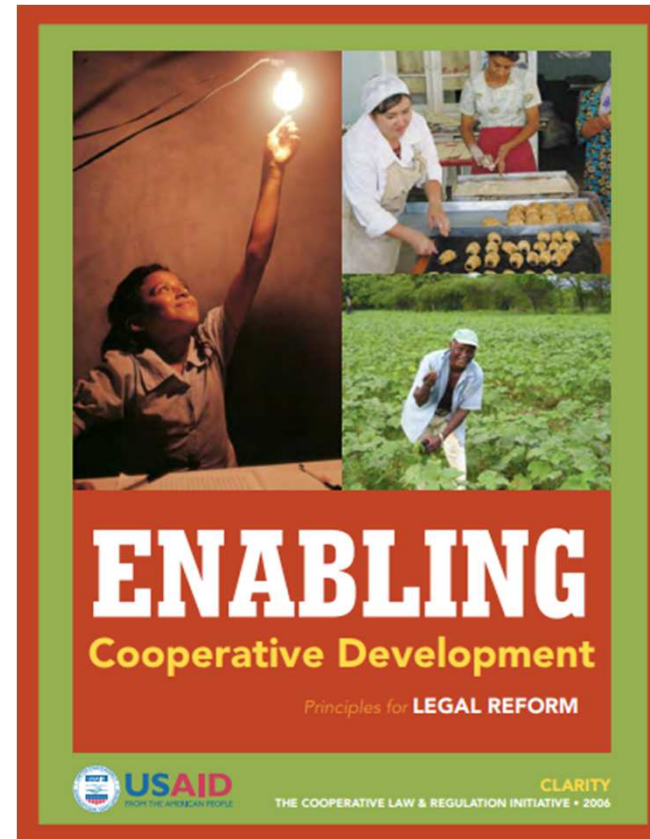


## Cooperative Law & Regulation Initiative

- CLARITY is a series of activities and tools designed to help a national cooperative movement organize themselves to:
  - understand, analyze and evaluate their cooperative law,
  - develop proposals and strategies for change, and
  - put those proposals into action through advocacy and outreach activities
  - to protect their rights and interests and bring about cooperative legal and regulatory reform

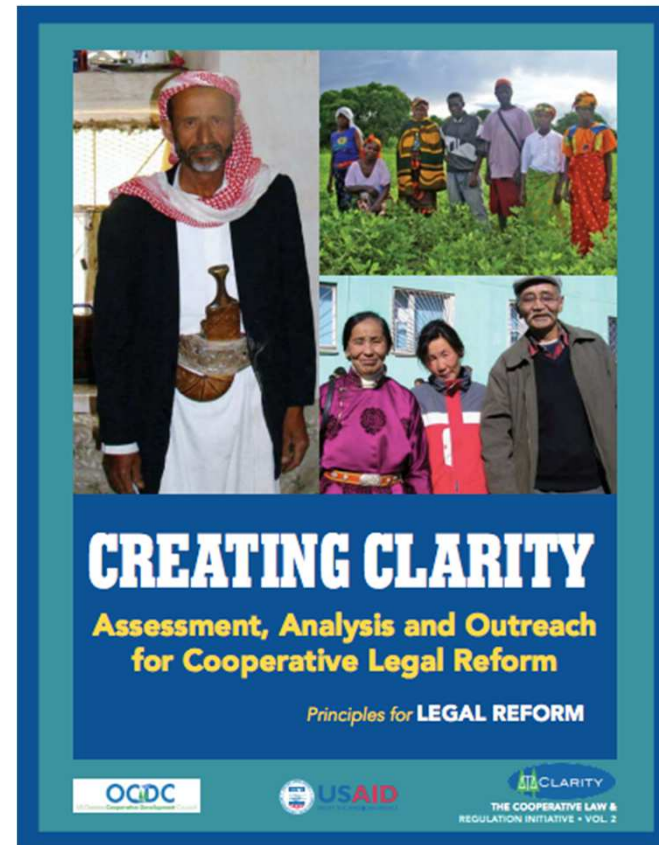
# CLARITY Core Principles

1. Need to protect and promote member democratic control
  - Protect democratic member control
  - Protect autonomy and independence
  - Respect voluntary membership
  - Require membership economic participation



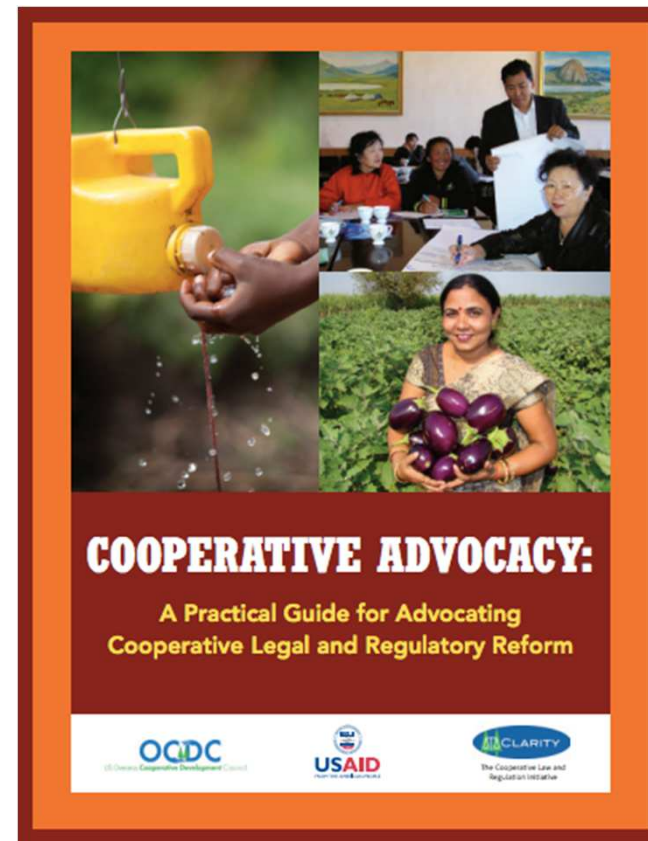
# CLARITY Core Principles

2. Need to promote equitable treatment of cooperatives in the economy
  - Promote equitable treatment
  - Promote access to markets

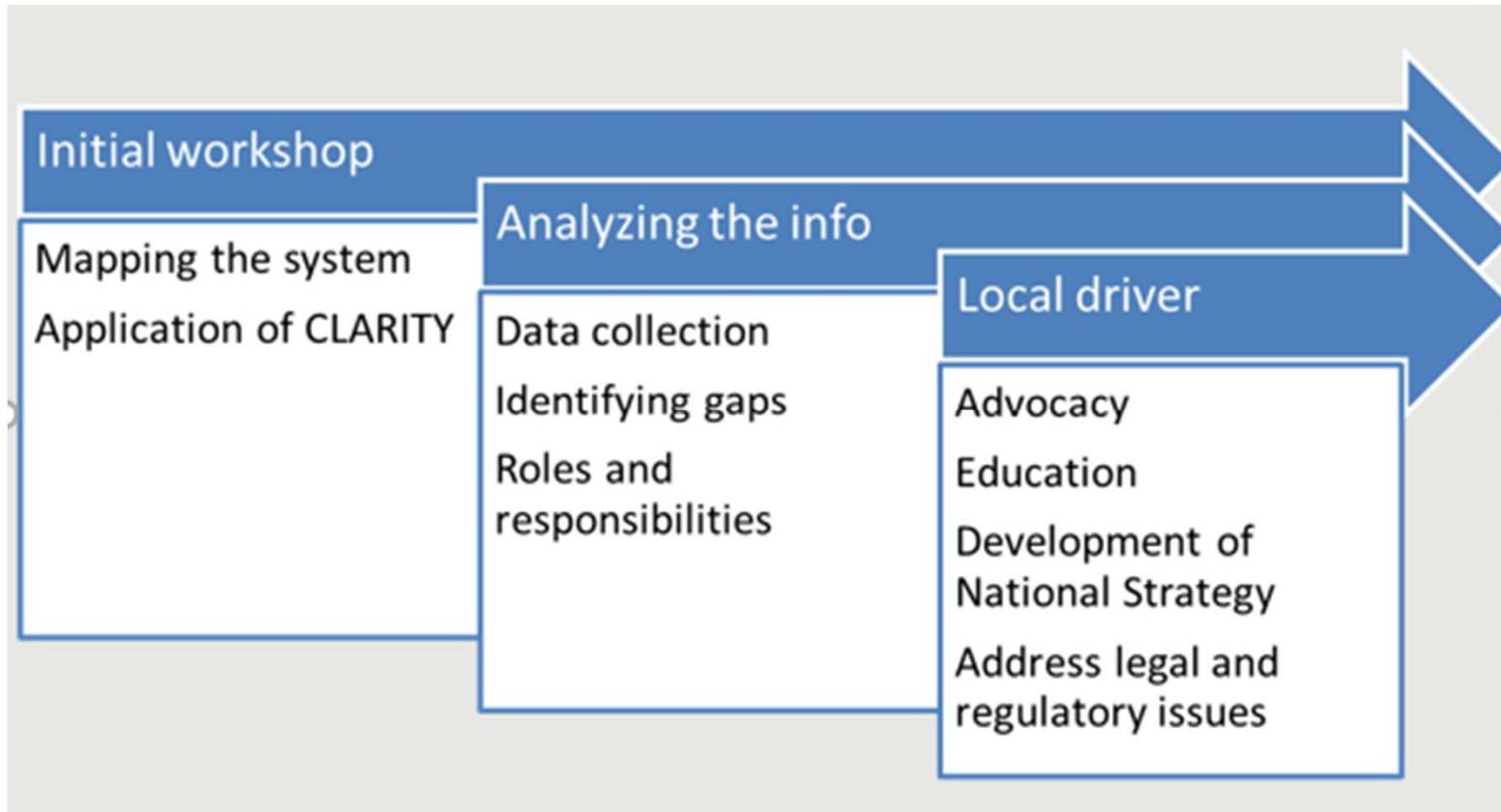


# CLARITY Core Principles

3. Need to minimize regulatory disadvantages
- Provide coherent and efficient regulatory framework
  - Protect due process
  - Avoid conflicts of interest



# How does CLARITY work?



# CLARITY Scorecard

CLARITY SCORECARD QUESTIONS				
Question	CLARITY Principle and Explanation	Enabling and Disabling Examples	Score / Notes	Legal Reference
1. Formation and Registration of Cooperatives			Score	Article
1a. Is there a time period set for the approval of registration applications (after which there is automatic approval)?	Principle #7: Efficient regulatory framework Explanation: the default for regulatory inaction should be to approve the registration to minimize the impact of bureaucratic delay on cooperative formation.	Enabling: All applications shall be finally disposed of within 30 days or assumed to be granted. Disabling: Statutory 6-month approval period that in practice runs into years and prohibits operation until registration is formally approved.	1	Cooperative Law, Articles 23, 23a, 23b, 23c, 24, 27  2005 Regulations, Article 7
1b. Are registration requirements for cooperatives the same as for regular businesses?	Principle #5: Equitable treatment Explanation: How do requirements for starting a cooperative compare with requirements for starting a new business? Some groups may choose to register as an association or other type of business if it is easier and quicker than registering as a cooperative.	Enabling: Coops are required to file with similar requirements to corporation law.  Disabling: There are many special requirements for formation of cooperatives that do not apply to other businesses.	1	Cooperative Law, Articles 146-150 and, in particular, Articles 145, 146b and 150e

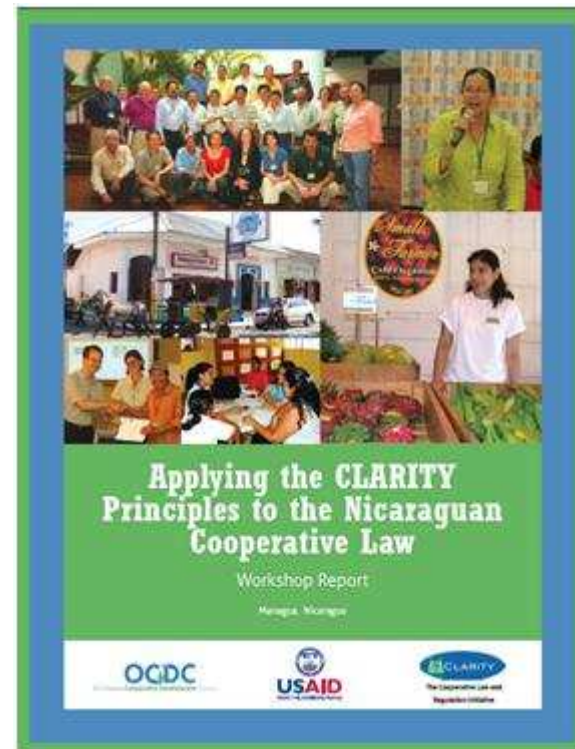


# Success of CLARITY

- OCDC & members have over 15 years of experience implementing and validating CLARITY
- Utilized by local governments, local cooperatives, donors & implementing organizations to assess the regulations and identify areas of improvement
- Under the CDP, CLARITY has been utilized in 15 countries to address issues in enabling environments
- To date, CLARITY has supported the successful reforming of law and regulation in 10 countries

# Lessons Learned: Applying CLARITY

- Process takes time
- Legal experts
- Importance of local driver/stakeholders
- Broad & early engagement



# What Difference do Cooperatives Make?



**Poland**



**Kenya**



**Philippines**



**Peru**

# THANK YOU!

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