

CLARITY INDICATORS

Enabling Cooperative Development Principles for Legal Reform

CLARITY principles	Protect democratic member control	Protect autonomy and independence	Respect voluntary membership	Require member economic participation
CLARITY Indicators	Principles For Cooperative Law And Regulation			
1 – Formation and Registration of a Cooperative		Avoid mandatory model by-laws.		
2 – Cooperative Supervision		Coordination of business regulatory functions.		
3 – Legal Status and Rights		a) Liability/ indemnification of officers and directors. b) Legal personhood.		
4 – Membership	Autonomy in determining size and qualifications for membership.	Ban on government membership.	No compelled membership.	
5 – Member Governance	a) Majority voting rules. b) Records subject to inspection.			
6 – Officers and Directors		a) Avoid detailed definitions of management functions. b) No state appointment of managers. c) Autonomous financial management.		
7 – Board of Directors	The board should be elected by the members of the cooperative.	By-laws determine the size and composition of board.		
8 – Capital Accounts		Allow reserves and capital funds.		Distribution according to patronage.
9 – Auditor	Member selection.	Member selection.		
10 – Dispute Resolution				
11 – Dissolution/ Amalgamation/Merger			Procedures for member approval.	
12 – Apex Organizations		Permissive autonomy.		

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Promote equitable treatment	Promote access to markets	Provide coherent and efficient regulatory framework	Protect due process	Avoid conflicts of interest
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Regulatory Factors

Register cooperatives in the same office as other businesses.		Time limits/default registration periods.		Streamline registrar's role.
Coordination of business regulatory functions.				Separation of regulatory from promotion functions.
Legal personhood.				
		Availability of independent tribunals and traditional forums.	Availability of independent tribunals and traditional forums.	Availability of independent tribunals and traditional forums.
			Procedures for member approval.	