



KINGDOM OF ESWATINI

GUIDELINES AND DIRECTIVES OF THE COMMISSIONER FOR CO-OPERATIVES DEVELOPMENT

In exercise of the powers conferred by Regulation 72 of the Co-operative Societies Regulation, 2005, the Commissioner of co-operatives issues the following guidelines and directives –

Capped Interest on Loans

1. In order to protect the general members and promote competitiveness of co-operatives as alternative financial services institutions which are not profit motivated and contribute to reduction of high and perpetual indebtedness, interest on all long-term loans shall not exceed 2% (monthly) on reducing balance.

Disclosure of Information

2. (a) The co-operative society shall make available for public inspection the following documents –

- (i) The Act No5 of 2003;
 - (ii) The Regulations of 2005;
 - (iii) The By-laws and all amendments thereto;
 - (iv) The guidelines and directives of the Commissioner.
- (b) The documents listed in paragraph (a) may be published through the cooperative's website, print or digital media which the members have reasonable access to.
- (c) In addition to documents set out in paragraph (a), the co-operative society shall make available to relevant stakeholders or aggrieved member(s), regulators, donors, supervisory committee and auditors for inspection the following documents:
- (i) management meeting minutes;
 - (i) credit committee's minutes and Records of Decisions;
 - (ii) supervisory committee minutes and reports;
 - (iii) reports of society's Manager;
 - (iv) societies asset register;
 - (v) bank statements;
 - (vi) service agreements with third parties;
 - (vii) any other report that may be requested.

(d) A person who is in possession of the documents mentioned in paragraph (c) shall not share such documents with any unauthorized person.

Nominated Beneficiary

3. (a) Every member of the co-operative society shall be caused to nominate one or more beneficiaries to which transfer of the member's benefits shall be made upon the death of such a member.
- (b) A member shall be allowed to substitute a beneficiary as when the member wishes to.

Affiliation

4. (a) For the purposes of co-operation among co-operatives, development, information, education, training and advisory services –
 - (i) already registered societies shall join an already existing apex organization which is in line with its objectives within a period of 12 months of these guidelines and directives being published.
 - (ii) whereas new societies are to affiliate with an already existing apex before they are fully registered.
- (b) Existing apex organisations shall form and register a National Co-operatives Federation as founding members within two (2) years of these guidelines and directives being published.
- (c) In line with the By-laws of apex organisations or National Co-operatives Federation a cooperative society shall submit an annual certificate of good standing to the Commissioner and displayed in the co-operatives offices at all times.

Education, Training and certification

5. (a) No co-operative society shall be registered unless there is proof that the directors have successfully attended co-operatives' pre-registration training offered by an institution or organisation approved by the Commissioner of Co-operatives Development in consultation with the apex organisation(s) or National Co-operatives Federation.
- (b) Every member of the Management Committee shall within 2 months after being elected as Director be certified as competent director through a Co-operative Leadership and Management Development Programme (CLMDP) (Board Orientation) offered by an institution approved by the Commissioner of Co-operatives Development in consultation with relevant apex organisation and or National Co-operatives Federation.
- (c) Every co-operative shall transfer at least 2.5% from its Education and Training Fund to the Co-operative Development Centre which shall be utilized for the provision of education and training to the society.

Fiduciary Liability of Directors

6. Members of the Management Committee shall individually and collectively execute their responsibilities in the good faith, due care, with prudence and diligence fitting of a fiduciary and shall be jointly and severally liable for any losses sustained through any of their actions which are contrary to the Act, Regulations, Guidelines, Directives and the Society's by laws.

Financial Year Cycle

7. The financial year cycle of a co-operative society shall be in accordance with its own By-laws.

Audit and Annual Returns

8. (a) Every co-operative society shall cause its annual financial statements and performance report to be audited within a period of ninety (90) days after the end of its financial year and tabled at the Annual General Meeting of members thirty (30) days thereafter.
 - (b) For economies of scale, consistency and co-operative sector performance assessment, all audits shall be performed by National Co-operatives Federation appointed auditor or panel of auditors who are practicing members of the Eswatini Institute of Accountants.
 - (c) Where paragraph (b) above is not practical due to existing contractual audit mandates, societies shall give timely notice of non-renewal of such mandates.
 - (d) All societies shall before their Annual General Meeting submit as annual returns to the Commissioner of Co-operatives Development, the relevant apex organisation or National Co-operative Federation the following documents –
 - (i) copy of Audited Financial Statement and Auditors Management Report; and
 - (ii) copy of Annual Performance Report

(e) The society shall within 30 days after the Annual General Meeting submit to the Commissioner for Co-operative Development the following documents –

- (i) minutes and resolutions of the AGM;
- (ii) attendance register signed during the AGM; and
- (iii) membership register.

Reserves

9. Every society shall open and maintain a separate interest bearing account where money for reserves shall be deposited and where such liquidity account has been established by the apex organisation or National Co-operatives Federation, deposit in that account provided it offers better interest.

Investment Activities

10. (a) If the society by resolution of the General Meeting of members so decided to venture into extra business activities, the venture shall be set apart from the main activities of the cooperative, its capital, funds and management.

(b) Members interested in the extra business activity of the cooperation, shall on voluntary basis buy shares into the extra adventure.

Central Co-Operative Fund (CCF)

11. Following the gazetting of the contribution to the CCF in accordance with section 96 of the Act, the Central Co-operative Fund contributions from co-operative societies shall be 2% of the net surplus, an amount which shall be deposited to an account established by the Commissioner for Cooperatives Development within seven (7) days after the Annual General Meeting.

Solidarity and Economics of Scale

12. All co-operatives societies and apex organisations shall abide by the resolutions at duly constituted general meetings of members, including resolutions relating to -

- (i) manner, type, fees and quality of services and products to be made available to the members;
- (ii) consolidation of existing insurance, pension and investment schemes for societies members' needs;
- (iii) accounting, auditing, legal, compliance, risk management, human resources, information technology and other consulting services commonly needed by member co-operatives.

Distribution of Surplus

13. A cooperative society shall not distribute dividends and interest on savings without audited financial statements presented and approved by members in the General Meeting.

Gender

14. To promote gender inclusion and equal opportunities, as soon as practically possible to do so, all societies, apex organisations and National Co-operatives Federation shall ensure a minimum of two (2) females in the management committee and minimum of one (1) female in the supervisory committee.

Restrictions on borrowings

15. Subject to section 90 of the Act, the Commissioner shall set the following conditions for a co-operative society which intends to engage a financial institution for a loan -

- (i) the money shall be used for the intended purpose;
- (ii) The co-operative society shall submit quarterly reports on the repayment of the loan;
- (iii) Submit financial statements to the Commissioner;
- (iv) The outgoing committee shall ensure that a detailed and appropriate handover is done for the incoming committee, which shall clearly reflect all outstanding loans.

Sanctions for Non Compliance

16. A person who has been convicted for contravening any provisions of the Act shall not be eligible for election in the society for a period not exceeding five years.

Commencement

17. These guidelines and directives shall come into effect on the date of signing and launching by the Commissioner for Co-operatives Development;

Transition

18. (a) All currently registered co-operatives shall comply with all the above guidelines and directives by no later than 1st April 2020.

(b) Notwithstanding paragraph (a) a co-operative society may apply to the Commissioner for an extension for effecting these guidelines and directives and the Commissioner may grant such extension upon satisfactory reasons from the said society for non-compliance.

DATED AT MBABANE ON THIS THE..... DAY OF..... 20.....

**COMMISSIONER FOR
CO-OPERATIVES DEVELOPMENT**