

**SPECIAL ISSUE**

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**LAIKIPIA COUNTY GAZETTE  
SUPPLEMENT**

**ACTS, 2014**

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**NAIROBI, 20th February, 2015**

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**THE LAIKIPIA COUNTY CO-OPERATIVE SOCIETIES  
ACT, 2014**

**No. 15 of 2014**

*Date of Assent: 23rd December, 2014*

*Commencement Date: 6th January, 2015*

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**THE LAIKIPIA COUNTY CO-OPERATIVE  
SOCIETIES ACT, 2014**

**AN ACT of County Assembly of Laikipia to provide  
for the promotion of establishment and  
development and regulation of co-operative  
societies and for connected purposes.**

**ENACTED** by the County Assembly of Laikipia, as  
follows —

**PART I — PRELIMINARY**

1. This Act may be cited as the Laikipia County Co-operative Societies Act, 2014.

Short title.

2. In this Act, unless the context otherwise requires—

Interpretation.

“agricultural produce” includes any agricultural product, horticultural, viticultural, dairy products, livestock and livestock products, products of poultry and bees, edible products of forestry and any farm produce;

“Bonus” in relation to a member of a co-operative society, means that member’s share of the surplus of the society which is divided amongst its members, calculated by reference to the proportion which that member’s volume of business with the society bears to the total volume of business done by the society;

“By-laws” means the by-laws made by a society and registered under this Act and includes any registered amendment of such by-laws;

“Capital” means the permanent members equity in the form of common stock and includes all disclosed reserves, retained earnings, grants or donations;

“Committee” means the governing body of a co-operative society to whom the management of its affairs is entrusted, and includes a board of directors;

“Contributor” means a person liable to contribute to the assets of a co-operative society in the event of its being wound up and for the purposes of any proceedings for determining and before the final determination of the persons who are to be deemed contributors, includes any person alleged to be a contributor;



“Co-operative society” means a society registered under section 19;

“Co-operatives societies forum” means the County Co-operative Societies Forum established under section 11;

“Deposit” means a sum of money paid on terms under which it shall be repaid, with or without interest or premium, and either on demand or at a time or in circumstances agreed by or on behalf of the person making the society to receive it at the risk of the society receiving it;

“Director” means the Director of Co-operative Development appointed under section 7;

“Directorate” means the Directorate established under 5;

“Dividend”, in relation to a member of a co-operative society, means that member’s share of the surplus of the society which is divided amongst its members, calculated by reference to the proportion which that member’s share capital bears to the total share capital of the society;

“Executive Member” means the County Executive Committee Member for the time being responsible for co-operative societies;

“Limited liability” means limited by shares or limited by guarantee, according to the nature of the liability prescribed by the by-laws of the co-operative society;

“Member” includes a person or a co-operative society joining in the application for the registration of a society, and a person or co-operative society admitted to membership after registration in accordance with the by-laws;

“Officer” includes a chairman, vice-chairman, secretary, treasurer, committee member, employee or any other person empowered under any rules made under this Act, or by-laws of a co-operative society, to give directions in regard to the business of the society;

“Personal representative” means any person who, under law or custom, is responsible for administering the

estate of a deceased person;

“Sacco society” means a Savings and Credit cooperative society registered under this Act and licensed under the Sacco Societies Act;

No. 14 of 2008.

“Share” means the amount represented by a member’s portion in the equity of a society as a co-owner;

“Special resolution” means a resolution passed by two thirds of the members present and voting at a general meeting of a society;

“Supervisory committee” means an oversight committee elected at a general meeting.

3. The purpose of this Act is to facilitate the implementation of section 7 (e) of part 2 of the Fourth Schedule to the Constitution and to provide for the establishment of legal and institutional framework for establishment and regulation of co-operative societies in order to —

Purpose of the Act.

- (a) promote growth and development of cooperative societies;
- (b) enhance good corporate governance in co-operative societies;
- (c) promote local economic growth and development; and
- (d) promote the realization of Article 36 of the Constitution on freedom of association.

4. This Act shall apply to any Co-operative Society formed and established in the County.

Application.

## PART II —ADMINISTRATION

5. There is established the Directorate of Co-operative Development, which shall be an office in the county public service.

Directorate of Co-operative Development.

6. (1) The Directorate shall be responsible for—

Functions of the Directorate.

- (a) promoting and facilitating the establishment, growth and development of co-operative societies;
- (b) processing applications for registration for

co-operative societies;

- (c) supervising and regulating co-operative societies and ensuring compliance with this Act and any other written law;
- (d) carrying out banking inspections and risk assessment for Sacco societies;
- (e) carrying out certification audits;
- (f) providing liaison with national government on any matter related to this Act;
- (g) advising the executive member generally on any policy to be adopted or matter necessary to effective achievement of the objectives;
- (h) carry out any other function for effective realization of objectives under this Act or any other function assigned by the Executive Member

(2) The Directorate shall prepare an annual report on the development and status of co-operative societies which shall provide among others for—

- (a) the status of promotion of formation of co-operative societies;
- (b) the level of growth and development of co-operative societies;
- (c) the challenges faced in implementing the Act and proposed mitigation measures;
- (d) the status of promotion of good corporate governance among co-operative societies;
- (e) the challenges faced by co-operative societies and proposed mitigation measures; and
- (f) any other matter as may be prescribed.

(3) The Directorate shall submit the report to the Executive Member not later than two months after the end of financial year.

(4) The Executive Member shall, within fourteen days of receiving the annual report submit it to the county

executive committee and thereafter within twenty one days transmit it to the Clerk of the county assembly for tabling before the county assembly for consideration.

7. (1) There shall be a Director of Co-operative Development who shall head the Directorate.

Director of  
Co-operative  
Development.

(2) The Director shall be appointed by the County Public Service Board through a competitive process.

(3) A person shall not be appointed as the Director unless he or she —

- (a) Be a holder of at least degree in either co-operative management, bachelor of commerce, economics, business management/ administration from a recognized university;
- (b) has at least ten years experience in management; and
- (d) meets the qualification of chapter six of the constitution.

8. (1) The Director shall have powers to perform the functions assigned to the Directorate in furtherance of the purpose of this Act.

Powers of the  
Director.

(2) The Director may delegate in writing any of his powers under this Act generally or specially to officers appointed under section 9 or to any person.

9. The County Public Service Board shall appoint such number officers to serve in the Directorate for effective carrying out of its functions under this Act.

Officers.

### **PART III—PROMOTION AND DEVELOPMENT**

10. The Directorate shall—

Promotion and  
development.

- (a) raise public awareness and mobilize county residents, farmers, traders, business community and any person involved in any enterprise to form co-operative societies;
- (b) facilitate the formation and establishment of co-operative societies;
- (c) conduct training needs assessment for

cooperatives;

- (d) establish and provide co-operative, business development and investment advisory services including market information dissemination;
- (e) promote growth and development of co-operative societies;
- (f) promote and facilitate advancement and integration of good corporate governance in co-operative societies; and
- (g) carry out any other function as may be assigned by the Executive Member for the purposes of promoting cooperatives.

11. (1) There is established the County Co-operative Societies Forum.

County Co-operative Societies Forum.

(2) The co-operative societies forum shall consist of two representatives of each co-operative society in the county.

(3) The co-operative societies forum shall be responsible for—

- (a) providing a platform for consultations and dialogue among co-operative societies;
- (b) reviewing and monitoring the growth and development of co-operative societies;
- (c) identifying and proposing policies, programs and plans to be adopted for promoting and supporting growth and development of co-operative societies;
- (d) facilitating co-ordination of the implementation of this Act; and
- (e) carrying out any other function assigned by the Executive Member.

(4) The Director shall be the secretary of the co-operative societies forum.

(5) The Executive Member shall prescribe the procedures for conduct of business of the co-operative

societies forum.

#### **PART IV—REGISTRATION OF CO-OPERATIVE SOCIETIES**

**12.** (1) The Directorate shall keep or cause to be kept at its office a record called the register of co-operative societies wherein shall be entered particulars relating to the registration of societies and their by-laws and any amendments thereto.

Register of  
co-operative societies.

(2) Every entry in the register shall be made by, or under the direction of, the Director and shall be signed by him and every alteration, interlineation or erasure shall be initialed by the Director.

**13.** (1) A co-operative society registered under this Act shall promote the following principles—

Co-operative societies  
principles.

- (a) voluntary and open membership;
- (b) democratic member control;
- (c) member economic participation;
- (d) autonomy and independence;
- (e) education, training and information;
- (f) co-operation among cooperatives; and
- (g) concern for community in general.

(2) A co-operative society shall incorporate the principles provided under this section in its by-laws, rules, and policies.

**14.** (1) A co-operative society shall not be formed or established in the county, unless in accordance with the provisions of this Act and any other written law.

Compliance with the  
Act.

(2) A co-operative society that contravenes this section commits an offence and shall be liable to a fine of fifty thousand shillings.

**15.** (1) Any ten or more persons associated for any lawful purpose may, by subscribing their names to the by-laws and having complied with the requirements of this Act, form a co-operative society with limited liability upon registration under this Act.

Formation of  
co-operative society.

(2) Notwithstanding subsection (1), any two or more co-operative societies may form a co-operative society and be registered as a co-operative society.

(3) A co-operative society that is formed under subsection (2) may use the name "Co-operative union".

**16.** (1) The liability of members in a co-operative society shall be limited to the amount of shares held or to the contribution made to such society.

Liability of members.

(2) Notwithstanding subsection (1), the liability of members may be unlimited.

**17.** A co-operative society registered under this Act shall be a body corporate with perpetual succession and a common seal and shall, in its corporate name, be capable of—

Corporate status.

- (a) taking, purchasing or otherwise acquiring, holding, charging or disposing of movable and immovable property;
- (b) borrowing money or making investments;
- (c) entering into contracts; and
- (d) doing or performing all other acts or things for the proper performance of its functions under this Act which may lawfully be done or performed by a body corporate.

**18.** (1) Subject to section 15, any persons intending to form a co-operative society in the county shall apply for registration to the Directorate in accordance with the procedure provided under this Act and in the prescribed form.

Application for registration.

(2) An application under this section shall—

- (a) contain the names and addresses of the proposed members;
- (b) state the registered office of the society;
- (c) be accompanied by the by-laws of the society;
- (d) any other information as the executive member may prescribe.