

CLARITY Core Principles for Legal and Regulatory Enabling Environments

- **Protect democratic member control:** Law must protect the democratic character of cooperatives, vesting control of the organization in its members.
- **Protect autonomy and independence:** Cooperatives are private sector businesses. Law must protect the autonomy and independence of cooperatives from government, persons, or entities other than members of the cooperative.
- **Respect voluntary membership:** Law must protect the voluntary nature of membership in cooperatives; membership in cooperatives should be determined by each cooperative, not mandated by law or government order.
- **Require member economic participation:** Law must protect and promote the responsibilities of membership, including the duties to contribute equitably to and democratically control the capital of the cooperative.
- **Promote equitable treatment:** Law and regulation should be no less advantageous to cooperatives than to other businesses in the same sector, while protecting and being sensitive to the mutuality of cooperatives. Incorporation, law enforcement, dispute resolution, and licensing of cooperatives should be handled in the same manner as for other businesses.
- **Promote access to markets:** Sector-specific regulations should provide reasonable accommodations and incentives, where appropriate, that enable cooperative forms of business to operate.
- **Provide coherent and efficient regulatory framework:** Regulatory framework should be simple, predictable, and efficient; should minimize bureaucratic delay and obstructions to business operation; and should avoid conflict and duplication of other laws. Regulation with respect to the business of cooperatives should be handled by institutions with the most relevant specialized expertise.
- **Protect due process:** Cooperative organizations and their members should be accorded due process of law, including applicable rights to hearings, representation, and impartial appeals for decisions of the state that impact cooperatives or their members.
- **Avoid conflicts of interest:** The role of the state in law enforcement, dispute resolution, license, and promotion should be administered in a manner that avoids duplication, undue influence, and minimizes conflicts of interest.