

REGULATING SOCIAL ENTERPRISES IN ZAMBIA: A COMPARATIVE ANALYSIS OF THE SOCIETIES ACT OF ZAMBIA AND PUBLIC BENEFITS ORGANISATION ACT OF KENYA

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To my mother Mrs Okhinah S. Banda and my aunt, Mrs Gerry S. Mweemba for everything.

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Everything that has led me up to this point in my life, I give glory to God Almighty. I would like to thank my mother, Okhinah S. Banda, and my aunt, Gerry S. Mweemba, for encouraging me and pushing me through my academic journey, providing me with everything possible to continue my studies.

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ABSTRACT

This study addresses the absence of a clear and enabling legal framework for social enterprises in Zambia, particularly under the Societies Act, which does not recognise social enterprises as a distinct legal category and therefore limits their legal status, governance structures, and operational effectiveness. It examines the adequacy of the Societies Act in regulating social enterprises and compares it with Kenya's Public Benefits Organisations Act, which provides a more structured and facilitative legal framework for organisations operating for public benefit. This study employs a qualitative doctrinal legal research methodology, involving an analytical review of primary legal sources, including the Societies Act of Zambia and the Kenyan Public Benefits Organisations Act, as well as secondary sources such as journal articles, policy papers, and scholarly works. The findings reveal that Zambia's legal framework is largely compliance-oriented, does not confer separate legal personality on social enterprises, lacks provisions on profit reinvestment, governance standards, and social impact reporting, and provides no dedicated regulatory institution, thereby constraining the growth and sustainability of social enterprises. In contrast, Kenya's framework provides clearer legal recognition, structured governance requirements, and accountability mechanisms that support operational autonomy and public benefit objectives. The study further finds that these differences reflect divergent policy approaches, with Zambia favouring administrative control while Kenya adopts an enabling and facilitative model. It is therefore recommended that Zambia introduces a dedicated legal framework for social enterprises, confers separate legal personality upon registration, establishes mandatory profit reinvestment and governance standards, introduces social impact reporting obligations, creates an independent regulatory authority, and develops a national social enterprise policy to foster a more enabling environment for social entrepreneurship and socio-economic development.

Keywords: *social enterprise regulation, Zambia Societies Act, Kenya Public Benefits Organisations Act, comparative legal analysis, legal reform.*

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Societies Act Chapter 119 of the Laws of Zambia.

The Corporate Insolvency Act No. 9 of 2017of the Laws of Zambia.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

In recent years, social enterprises have become increasingly significant in advancing sustainable development, fostering innovation, and promoting inclusive economic participation. These organisations are distinct in that they blend income-generating activities with a core commitment to addressing social or environmental challenges.[1] Because of this dual character, social enterprises do not fit neatly within traditional legal classifications of either profit-driven companies or non-profit organisations, thereby creating regulatory complexities, particularly in jurisdictions where legal systems have not adapted to accommodate such hybrid models.

Within Zambia, there is no specific legal regime dedicated to the recognition and regulation of social enterprises. As a result, many of these entities are registered under the Societies Act, which primarily governs associations established for non-commercial purposes.[2] The Act, having been enacted in an earlier legal and economic context, is largely focused on registration and state control rather than on facilitating organisational growth or innovation. Consequently, it does not adequately cater to the operational needs of social enterprises, especially those that engage in revenue-generating activities to sustain their social missions. This regulatory mismatch gives rise to uncertainties in areas such as governance, financial management, and compliance obligations, which may ultimately hinder the development of the sector.

A comparative perspective reveals that other jurisdictions have made more deliberate efforts to modernise their legal frameworks to better accommodate organisations pursuing public benefit objectives. In Kenya, the Public Benefits Organisations Act 2013 establishes a more comprehensive and structured system for the registration and regulation of public benefit organisations.[3] The legislation adopts a broad definition of such organisations and introduces provisions aimed at enhancing accountability, transparency, and institutional sustainability.

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[1] Organisation for Economic Co-operation and Development, *Social Enterprises and the Social Economy: Going Beyond the Fringe,* OECD Publishing (2019).
[2] Societies Act, Chapter 119 of the Laws of Zambia.
[3] Public Benefits Organisations Act 2013, No. 18 of 2013.

Furthermore, it underscores the importance of these entities in national development and promotes collaboration between the government and the non-profit sector.[4]

Although Kenya's framework is not exclusively designed for social enterprises, it reflects a more progressive and supportive regulatory approach compared to that of Zambia. Rather than focusing solely on control, the Kenyan model incorporates elements that encourage sector growth and institutional strengthening. This contrast highlights the limitations of Zambia's current legal framework and raises critical issues regarding its capacity to effectively regulate and support emerging hybrid organisations.

1.2 Background of Study

The legal and regulatory framework governing organisations plays a critical role in shaping their establishment, operation, and contribution to national development. In Zambia, the regulation of non-profit and membership-based organisations is primarily governed by the Societies Act Chapter 119 of the Laws of Zambia. The Act provides for the registration and regulation of societies and outlines the procedures, rights, and obligations applicable to such entities.[5] However, the framework is largely compliance-oriented and was developed in a different socio-economic context, with limited consideration for modern organisational models that combine commercial and social objectives.

In the global context, social enterprises have emerged as important vehicles for addressing persistent socio-economic challenges, including poverty, unemployment, and inequality. These organisations adopt business-oriented strategies while prioritising social or environmental goals and profit maximisation.[6] As noted by the Organisation for Economic Co-operation and Development, social enterprises play a significant role in advancing inclusive growth and sustainable development by generating employment opportunities and delivering innovative

[4] International Centre for Not-for-Profit Law, *The Public Benefit Organisations Act, 2013: Analysis* ICNL (2014).
[5] Sections 3-22.
[6] Organisation for Economic Co-operation and Development, *Social Enterprises and the Social Economy: Going Beyond the Fringe* OECD Publishing (2019).

solutions to complex societal issues.[7] Their hybrid structure distinguishes them from both traditional for-profit entities and conventional non-profit organisations.[8]

Notwithstanding their growing relevance, social enterprises in Zambia operate without a clearly defined legal identity. In practice, many are registered under the Societies Act, which was not designed to regulate entities engaged in profit-generating activities. This misalignment between the legal framework and the operational realities of social enterprises creates uncertainty in areas such as governance, funding, and compliance. According to the British Council, this lack of legal clarity often constrains the ability of social enterprises in Zambia to access finance, scale their operations, and achieve long-term sustainability.[9]

A comparative examination of other jurisdictions demonstrates that some countries have taken proactive steps to modernise their legal systems in order to better accommodate organisations with public benefit objectives. In Kenya, the Public Benefits Organisations Act 2013 establishes a detailed legal framework governing the registration, regulation, and facilitation of public benefit organisations.[10] The Act provides for defined governance structures, accountability mechanisms, and measures aimed at fostering an enabling operational environment. Furthermore, it recognises the contribution of such organisations to national development and encourages collaboration between government and civil society actors.[11] It has sort to advocate for policies that improve the regulatory framework, ensuring that these unique companies operate transparently, fostering an enabling environment for businesses committed to both social impact and economic growth.[12] The specific analysis of how the Societies Act interacts with social enterprises within the Zambian landscape remains a critical gap in research. As Zambia moves towards fostering entrepreneurship, encouraging innovation, and addressing socio-economic challenges, the role of socially impactful businesses becomes increasingly significant.[13] Hence, a comprehensive analysis of the Societies

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[7] J. Battilan, & M. Lee, *Advancing research on hybrid organizing: Insights from the study of social enterprises* (2014) 8(1) The Academy of Management Annals, 2.
[8] Ibid.
[9] British Council, *The State of Social Enterprise in Zambia* (2018).
[10] Public Benefits Organisations Act 2013, No 18 of 2013.
[11] International Center for Not-for-Profit Law, *Civic Freedom Monitor: Kenya* (2025).
[12] USAID,'Zambia Private Enterprise Programme: Market Systems Analysis' (USAID, 2021) https://www.usaid.gov/zambia (Accessed 22.10.2024 at 11:11).
[13] M. Shamboko, *Social Entrepreneurship in Zambia*, (Lusaka 2022) 1.

Act vis-à-vis social enterprises in Zambia is imperative to identify potential hurdles, areas of alignment, and prospects for enhancing the legal ecosystem supporting this sector.

This research seeks to bridge this gap by providing an in-depth analysis of the Societies Act within the specific context of social enterprises operating in Zambia. Through a critical examination of the Act's provisions and their implications for social enterprises, this study aims to offer insights and recommendations that facilitate an enabling legal environment for the growth and sustainability of socially oriented businesses within Zambia.

1.3 Statement of the Problem

Despite the growing prevalence and significance of social enterprises in Zambia, the existing legal framework, particularly the Societies Act, provides a gap in the adequate provisions to accommodate or recognise the unique nature and operations of these entities. This deficiency poses substantial challenges for the establishment, operations**,** and sustainability of these organisations in Zambia.[14]

The idea of social enterprises has developed over time, originating from the cooperative movements of the 19th century.[15] Early instances were seen in worker cooperatives and mutual aid groups, especially in Europe, where people came together to share resources for addressing shared concerns. Social enterprises began to gain wider attention in the 1970s and 1980s, as non-profit organisations increasingly sought ways to generate revenue to support their goals.[16] In Zambia, they have been active for several decades, particularly from the 1990s onward. They grew as a response to economic challenges brought about by structural adjustment programs and the privatisation of state-owned industries.[17]

Social enterprises, characterised by their dual focus on social impact and financial sustainability, occupy a distinct space in the business environment.[18] However, the current Societies Act in Zambia predominantly caters to club, company (with a proviso and established by the Companies

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[14] S. Edgar, *Artisan social enterprises in Zambia: women leveraging purpose to scale impact*, (Leeds School of Business, University of Colorado at Boulder, Boulder, Colorado, 2023) 2.
[15] J. Defourny, & M. Nyssens, "*Conceptions of Social Enterprise and Social Entrepreneurship in Europe and the United States: Convergences and Divergences."* (2012) 13(1) Journal of Social Entrepreneurship, 32.
[16] Ibid.
[17] M. N. Iftikhar, (Ed.), *Urban Studies and Entrepreneurship,* (Springer Publishers, Cham, Switzerland, 2020) 29.
[18] Ibid.

Act)[19], partnerships (regulated by the Partnerships Act)[20] or other association of ten or more persons entities[21] which further details shall be explained in the chapters to come. The absence of tailored legal provisions constrains the growth, funding opportunities, governance structures, and accountability frameworks crucial for the effective functioning of social enterprises.

This research seeks to explore the lacuna that stands to provide for both profit-making, and the social impact business, in one provision within the Societies Act. By assessing the implications of this mismatch, this paper aims at highlighting the necessity for legislative reforms and propose specific amendments or provisions that can better accommodate the unique characteristics and goals of social enterprises in Zambia.

1.4 Objectives of the Study

1. To analyse regulatory framework pertaining to social enterprises in Zambia.
2. To examine the adequacy of the Societies Act in regulating social enterprises in Zambia.
3. To compare social enterprises legal frameworks of Zambia and Kenya.
4. To offer actionable legislative reforms aimed at fostering an enabling environment for social entrepreneurship in Zambia.

1.5 Research Questions

1. What is the current regulatory framework governing social enterprises in Zambia?
2. What is the adequacy of the Societies Act in regulating social enterprises in Zambia?
3. How do the legal frameworks for social enterprises in Zambia and Kenya compare?
4. What legislative reforms can be proposed to foster an enabling environment for social entrepreneurship in Zambia?

1.6 Significance of Study

This research holds paramount significance in the realm of legal and entrepreneurial studies within Zambia's socio-economic ecosystem. As social enterprises increasingly emerge as pivotal agents for sustainable development and poverty alleviation, the absence of a conducive legal framework, as observed in the Societies Act, presents a critical barrier to their growth and impact. By shedding

[19] No. 10 of 2010.
[20] 1890.
[21] Section 2 of the Act.

light on the regulatory gap, this study seeks to underscore the urgency and necessity of addressing legislative deficiencies to foster a more inclusive and supportive environment for social entrepreneurship in Zambia.

The significance of this research lies particularly in its potential to drive fundamental reforms in policy and legislation. Through an examination of the inadequacies within the Societies Act concerning social enterprises, this study aims to provide empirical evidence and scholarly insights that can inform and guide our policymakers, the legal fraternity, and relevant stakeholders. By highlighting the practical implications of existing regulatory gaps on the capacity and social impact initiatives of social enterprises, this research serves as a catalyst for initiating crucial conversations around legal reforms centred around the Societies Act.

In addition, the outcomes of this study are meant to contribute not only to academic discourse but also to practical implications for business development within the Zambian context. By proposing specific amendments or additions to the Societies Act, informed by comparative analyses and best practices from the Public Benefits Organisation (PBO) Act, this paper also aims to provide actionable recommendations. These recommendations could potentially empower social enterprises by offering a more enabling legal framework that not only recognises, but supports their dual objectives of sustainable profitability and social impact.

Furthermore, the findings of this study are anticipated to offer practical guidance and insights to aspiring and existing social entrepreneurs, investors, and civil society organisations operating within Zambia. By advocating for legal reforms tailored to the unique needs of social enterprises, this research seeks to inspire a wave of innovation, investment, and collaboration in the pursuit of sustainable development and social change in the Zambian context.

1.7 Literature Review

1.7.1 Historical Development of Social Enterprises

The notion of social enterprise first appeared in Italy in the 1980s, but it really began to be used at the European level in the mid-1990s, especially through Environmental Monitoring and Evaluation

Systems (EMES) European Research Network.[22] J Defourny stated that the concept was introduced during a time which designated the pioneering initiatives for which the Italian Parliament created the legal form of "social cooperative" one year later. As will be shown in the next chapters, various other European countries have since passed new laws to promote social enterprises. Along with such approaches, the EMES Network has stressed the positioning of European social enterprises "at the crossroads of market, public policies and civil society", especially to underline the "hybrid" of their resources.[23] Social enterprises indeed combine income from sales or fees from users with public subsidies linked to their social mission and private donations and/or volunteering.[24] J Defourny further argued that the increasing acknowledgement of this sector, together with the broader interest in non-conventional entrepreneurial dynamics addressing current challenges, led to the emergence of the new concept of 'social enterprise'.[25]

In the context of developing countries, scholars such as M. Yunus have contributed significantly to the evolution of social enterprise through models like microfinance.[26] While Yunus' work demonstrates the practical impact of social enterprises, it has been criticised for overemphasising financial sustainability without sufficiently addressing regulatory frameworks.

In Zambia, the emergence of social enterprises has been linked to economic reforms in the 1990s, particularly structural adjustment programmes.[27] However, the literature on Zambia remains sparse and largely descriptive, lacking critical legal analysis.

Existing historical literature provides valuable global insights but is limited in contextualising the development of social enterprises within Zambia's legal and economic framework. This creates a gap that this study seeks to address.

1.7.2 Conceptual Definitions of Social Enterprises

The concept of social enterprise has attracted considerable scholarly attention, yet it remains inherently contested. Scholars such as N. K. Choi and S. Majumdar argue that social

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[22] J Defourny, *From Third Sector to Social Enterprise, The Emergence of Social Enterprise* (London and New York, Routledge 2001) 19.
[23] Ibid.
[24] Ibid.
[25] Ibid.
[26] https://www.muhammadyunus.org/index.php/quotes/ (Accessed on 30th April, 2025 at 19:22).
[27] M Iftikhar (ed), *Urban Studies and Entrepreneurship* (Springer 2020).

entrepreneurship is an "essentially contested concept," lacking a universally accepted definition.[28] This lack of definitional consensus presents a challenge for legal regulation, as ambiguity in concept often translates into ambiguity in legal recognition.

What social entrepreneurship is, the characteristics of a social enterprises, and who is a social entrepreneur remain subject to debate in both academia[29] and among practitioners. In relation to the first of these questions, C. Seelos and J. Mair asserted that although definitions of social entrepreneurship remain relatively the same, "social entrepreneurship creates new models for the provision of products and services that cater directly to basic human needs that remain unsatisfied by current economic or social institutions."[30] This definition resonates with discussions in this paper in that, poverty alleviation and the fulfilment of "basic human needs" are the focus of activities by the development-oriented social enterprises we study. What social enterprises are, in this paper, are expressed in the sense that they are organisations that trade for a social purpose.[31]

C. Seelos and J. Mair also defined social enterprises as organisations that create innovative models to meet unmet social needs.[32] While this definition is useful in emphasising innovation and social impact, it has been criticised for being overly broad and failing to distinguish social enterprises from traditional non-governmental organisations (NGOs) that also address social needs. In contrast, E. Bacq and F. Janssen frame social enterprises as entities that merge commercial activities with the pursuit of social objectives.[33] This perspective is particularly valuable for legal analysis because it underscores the dual economic and social character of such organisations. Nonetheless, it remains limited in that it does not sufficiently clarify crucial legal aspects, including how profits may be allocated or the nature of ownership arrangements within these entities.

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[28] N. Choi and S. Majumdar, *Social entrepreneurship as an essentially contested concept: Opening a new avenue for systematic future research* (2014) 29(3) Journal of Business Venturing, 363.
[29] Ibid.
[30] C. Seelos and J. Mair, *Social entrepreneurship: Creating new business models to serve the poor* (Business Horizons, 2005) 241.
[31] K. Peattie and A. Morley, *Eight paradoxes of the social enterprise research agenda* (Social Enterprise 2018), 4 (2) 91.
[32] C Seelos and J Mair, '*Social Entrepreneurship: Creating New Business Models to Serve the Poor'* (2005) Business Horizons 241.
[33] E Bacq and F Janssen, '*The Multiple Faces of Social Entrepreneurship'* (2011) 23 Entrepreneurship & Regional Development 373.

M. Pomerant also defined social entrepreneurship as the development of innovative, mission-supporting, earned income, job creating or licensing, ventures undertaken by individual social entrepreneurs, in association with making profits.[34] They are typically involved in producing goods or providing services to a market whilst aiming at projects such as job creation, training or the provision of local services. They possess strong social values and a sense of mission, often including a commitment to local capacity building and are accountable to their members and the wider community for their social, environmental and economic impact.[35] They are said to be the process of identifying, evaluating and exploiting opportunities aiming at social value creation by means of commercial market-based activities and the use of a wide range of capital and resources.[36]

It is also important to note that these organisations rely on their business activities to generate revenue, which is then reinvested in their social mission[37] as will be discussed in the later chapters. The income generated is crucial for their sustainability and ability to scale their business as well as impact and to award those that serve the business.[38] These resources are typically utilized to fund and enhance initiatives and projects that create a more significant impact on society.[39]

Overall, the literature provides a strong conceptual understanding of social enterprises but falls short in offering a clear, operational definition suitable for legislative drafting, particularly in developing countries like Zambia. This gap reinforces the need for jurisdiction-specific legal frameworks.

1.7.3 The Societies Act and Regulation of Social Enterprises in Zambia

The Societies Act serves as the primary legal framework governing the registration and regulation of societies, including non-governmental and membership-based organisations in Zambia.[40] It provides for the formation, registration, and oversight of societies, with a strong emphasis on

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[34] M. Pomerant, *The business of social entrepreneurship in a "down economy"*(2013) 25(3) In Business, 25.
[35] Prof. K. Peattie and Dr. Morley, *Social Enterprises: Diversity and Dynamics, Contexts and Contributions* (Cardiff University 2002) 7.
[36] E. Bacq & F. Janssen, *The multiple faces of social entrepreneurship: a review of definitional issues based on geographical and thematic criteria* (2011) 23(5-6) Entrepreneurship and Regional Development, 373.
[37] Ibid.
[38] Ibid.
[39] What is a social enterprise? Characteristics and examples | Repsol (Accessed on 24th September,2024 at 11:54).
[40] Chapter 119 of the Laws of Zambia.

accountability, public order, and regulatory compliance.[41] The Act establishes requirements for registration, mandates the submission of constitutions, and grants the Registrar powers to supervise and, where necessary, cancel or suspend societies that fail to comply with the law.[42] While the Act plays an important role in promoting transparency and ensuring that associations operate within lawful parameters, its structure is largely designed for non-profit and welfare-oriented entities rather than hybrid organisations with both social and commercial objectives.[43]

This paper focuses on the extent to which the Act accommodates social enterprises in Zambia. Notably, the Societies Act does not explicitly recognise social enterprises as a distinct legal category. M. Tshuma observed that, although the Act facilitates the formation of organisations pursuing social objectives, it restricts their operational scope by prohibiting profit distribution and limiting engagement in commercial activities.[44] This creates a regulatory constraint for social enterprises that seek to balance social impact with financial sustainability. Tshuma further argues that while donor agencies and development partners continue to support civil society organisations, the absence of a clear legal identity for social enterprises under the Act creates uncertainty, particularly in areas of financing, investment, and scaling operations.[45] Consequently, many impact-driven entities are compelled to adopt alternative legal forms that do not fully reflect their dual mission.[46] Social enterprises may either be registered under the Societies Act, if they are not profit-making business. However, for ventures that seek to make profits that may later be distributed as dividends, they are registered under the Companies Act.[47] Therefore, this strongly highlights that there is not one specific statute that caters to this unique entity. The introduction of targeted legal reforms—potentially drawing from models such as Benefit Corporations or Social Purpose Companies in other jurisdictions—could address these limitations and create a more

[41] Sections 5-7.
[42] Sections 9-13.
[43] Chanda Chisala, '*Regulation of Civil Society in Zambia'* (2018) 10 Zambia Law Journal, 52.
[44] M Tshuma, '*The Legal Framework for Social Enterprises in Zambia: Challenges and Opportunities'* (2020) 5 African Journal of Business Law, 85.
[45] Ibid.
[46] International Centre for Not-for-Profit Law (ICNL), *Civic Freedom Monitor: Zambia* (ICNL 2022) https://www.icnl.org (Accessed 10 April 2026, 18:45).
[47] No. 17 of 2010.

supportive legal environment for social enterprises to contribute meaningfully to Zambia's socio-economic development.[48]

Scholars such as M. J. Christie and B. Honig stated that governments, media, and non-governmental organisations increasingly recognise the importance of social entrepreneurial approaches to problems the world is facing currently.[49] Social entrepreneurship is growing rapidly and attracting increased attention from numerous sectors as well.[50] The environment within which these organisations operate is rapidly changing due to increasing globalization, increasing needs in their target communities, and a generally tight funding environment with growing competition for donors and grants hence the need for law makers as well as policymakers and all relevant stakeholders to propose legislative reforms for this new venture.[51]

1.7.4 The Public Benefit Organisations Act No. 18 of 2023 of the Laws of Kenya.

The Public Benefit Organisations Act 2013 represents a significant attempt to provide a structured and enabling legal framework for organisations operating for public benefit. Enacted in 2013, the Act establishes a comprehensive system governing the registration, regulation, and facilitation of Public Benefit Organisations (PBOs), while simultaneously promoting transparency, accountability, and good governance within the non-profit sector. As reflected in your source material, the legislation adopts a broad and inclusive definition of such organisations and introduces mechanisms aimed at strengthening institutional sustainability and public trust.

A key starting point is the statutory definition of a Public Benefit Organisation. The Act provides that:

"*'public benefit organisation' means a voluntary membership or non-membership grouping of individuals or organisations, which is autonomous, non-partisan, non-profit making… and is organized and operated locally, nationally or internationally for public benefit*."[52]

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[48] Dana Brakman Reiser and Steven A Dean, *Social Enterprise Law: Trust, Public Benefit, and Capital Markets* (Oxford University Press 2017) 112.
[49] M. J. Christie and B. Honig, *Social entrepreneurship: New research findings* (2006) 41(1) Journal of World Business 1.
[50] R. J. Martin and S. Osberg, *Social Entrepreneurship: The Case for Definition* (Stanford Social Innovation Review, Stanford School of Business 2007) 2.
[51] S. G. Mort et al, *Social entrepreneurship: Towards conceptualization*, (University of Queensland 2002) 2.
[52] Section 2.

This definition is important because it establishes the non-profit nature of PBOs while recognising their role in advancing public benefit objectives. It is also valuable because it clearly identifies the essential features of these organisations, especially their independence and their focus on serving the public. The Act also adopts a wide interpretation of public benefit activities, including areas such as education, health, environmental protection, and social welfare.[53] This broad approach is a strength, as it enables many different types of organisations to fall within the legal framework without being unnecessarily limited.

Another important strength of the Act is its recognition of the role of collaboration between the state and civil society. It expressly provides that the government should create an enabling environment for PBOs and support their operations.[54] This approach is forward-looking, as it acknowledges that development objectives are best achieved through partnerships rather than state action alone. By encouraging cooperation with government agencies and other stakeholders, the Act enhances the potential for coordinated and impactful development initiatives.

Despite these strengths, some limitations remain. For instance, while the Act provides a strong foundation for regulating non-profit organisations, it does not explicitly recognise social enterprises as a distinct category. However, this can also be viewed positively to some extent, as the broad definition of PBOs may still allow certain socially oriented organisations to operate within its framework. This flexibility can be advantageous, particularly in contexts where rigid classifications might exclude emerging organisational models.

Furthermore, the Act's structured regulatory framework offers a useful model for other jurisdictions, particularly in Africa, that are seeking to reform their legal systems to better accommodate civil society organisations. Its combination of clear legal definitions, governance standards, and facilitative provisions demonstrates a balanced approach to regulation that prioritises both accountability and growth.

The Kenyan Public Benefit Organisations Act represents a commendable effort to create a supportive and transparent legal environment for organisations working for the public good. While it does not fully address the unique needs of social enterprises, its inclusive and facilitative

[53] Sixth Schedule of the Act.
[54] Section 4.

approach provides valuable lessons for jurisdictions such as Zambia. Importantly, its strengths—particularly in promoting governance, accountability, and collaboration—highlight key principles that can inform future legal reforms aimed at strengthening the social enterprise sector.

1.7.5 Regulatory Gaps and Challenges in Zambia

The absence of a clear legal framework for social enterprises in Zambia has increasingly drawn attention from policymakers, researchers, and development organisations. This gap has led to calls for new laws and policies that can better support the growth and sustainability of these enterprises. A policy brief by CUTS International (Lusaka) explains that without formal legal recognition, social enterprises face serious challenges.[55] In particular, they struggle to access important resources such as funding, tax incentives, and suitable governance systems that are necessary for their success within Zambia's economic and social environment.[56]

Although the CUTS International report is helpful in highlighting these challenges, it has some limitations. The report mainly focuses on advocacy and does not provide a detailed legal analysis of existing laws, especially the Societies Act. As a result, while it clearly identifies the problems, it does not fully explain how specific provisions of the law create these challenges or how they can be effectively reformed. This reflects a wider issue in the literature, where many policy studies point out problems but do not provide detailed legal solutions.

Similarly, the British Council, in its report on the state of social enterprise in Zambia, observes that the absence of a supportive regulatory environment undermines the sector's ability to scale and attract investment.[57] The report further notes that social enterprises frequently struggle to balance compliance requirements under existing legal forms—such as non-profit registration under the Societies Act or incorporation under company law—with their hybrid operational models.[58] This duality often results in inefficiencies, including regulatory uncertainty and administrative burdens, which ultimately limit organisational effectiveness.

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[55] CUTS International, *Advocacy for Legal Recognition of Social Enterprises in Zambia: A Policy Brief* (CUTS International, Lusaka 2011) 5.
[56] Ibid.
[57] https://www.britishcouncil.org/education/non-formal-education/social-enterprise/reports/state-social-enterprise (Accessed on 30th April, 2026 at 19:45_.
[58] Ibid.

However, like the CUTS International brief, the British Council report is primarily empirical and descriptive in nature. While it provides valuable insights into the practical challenges experienced by social enterprises, it does not engage deeply with legal theory or comparative jurisprudence. Consequently, it falls short of offering a comprehensive framework for legislative reform. This reinforces the need for more rigorous academic inquiry that bridges the gap between empirical observations and doctrinal legal analysis.

From an academic point of view, M. Tsuma argues that Zambia's current legal system does not properly support social enterprises because it strictly separates organisations into either profit-making or non-profit categories.[59] This approach does not reflect how social enterprises actually operate, since they combine business activities with social goals. Tshuma's work is useful in pointing out this problem, but it does not go far enough in suggesting detailed legal reforms or drawing lessons from other countries.

In contrast, comparative scholarship provides more nuanced insights into how legal frameworks can be adapted to support social enterprises. For instance, D. Brakman Reiser and S. A. Dean examine the emergence of hybrid legal forms such as benefit corporations and social purpose companies in jurisdictions like the United States.[60] These models are designed to accommodate both profit generation and social impact, thereby addressing many of the challenges faced by social enterprises operating within traditional legal structures. While such frameworks offer valuable lessons, their applicability to the Zambian context must be approached with caution, given differences in legal systems, economic conditions, and institutional capacity.

A more relevant comparison can be found in Kenya's Public Benefit Organisations Act 2013. This law provides a clearer and more supportive framework for organisations that work for the public good. It sets out governance rules, accountability measures, and encourages cooperation between the government and civil society.[61]

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[59] M Tshuma, '*The Legal Framework for Social Enterprises in Zambia: Challenges and Opportunities'* (2020) 5 African Journal of Business Law, 85.
[60] Dana Brakman Reiser and Steven A Dean, *Social Enterprise Law: Trust, Public Benefit, and Capital Markets* (OUP 2017) 112.
[61] Public Benefit Organisations Act.

Despite these advantages, the Kenyan law is not perfect. It does not clearly recognise social enterprises as a separate type of organisation, which limits its ability to fully address their needs. In addition, the International Centre for Not-for-Profit Law has pointed out challenges in how the law is implemented, such as delays and administrative inefficiencies.[62] This shows that even well-designed laws can face practical challenges, and reforms must consider local conditions.

Overall, it is clear that Zambia urgently needs legal reforms to support social enterprises. The current system does not recognise their unique nature and creates barriers to their growth and impact. Any reforms should aim to introduce a clear legal category for social enterprises, along with rules on governance, profit use, and accountability. This would help create a more supportive environment and improve access to funding and investment.

This research will offer practical recommendations and strategies for policymakers and stakeholders to help implement changes in the Societies Act, creating a more supportive environment for social entrepreneurship in Zambia. By identifying and addressing gaps in the current legal framework, this study will look at successful examples from other countries, such as the Public Benefit Organisations Act in Kenya. The goal is to improve the operational effectiveness of social enterprises in Zambia

1.8 Research Methodology

This study employed a systematic methodology and focused on qualitative data. It also utilized doctrinal or theoretical legal research, which examined and addressed what the law entailed in a specific domain.[63] This approach was chosen because it enabled the researcher to address the study's objectives by determining the scope and implications of the law under investigation. Therefore, the research involved an analytical examination of relevant laws, such as the Societies Act the Public Benefits Organisation (PBO) Act of Kenya, along with relevant authoritative materials. Additionally, secondary data in the form of journals, articles, and works by scholars and jurists on the subject were reviewed.

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[62] International Center for Not-for-Profit Law (ICNL), *Civic Freedom Monitor: Kenya* (2025).
[63] M. McConvile and W.H. Chui, *Research Methods of Law*, (Edinburgh University Press 2007), 2.

1.9 Proposed Chapters

1.9.1 Chapter One

Chapter One will begin with an introduction that outlines the concept of social enterprises, emphasizing their role in addressing social issues and the growing interest in social entrepreneurship both globally and within Zambia. It will provide a definition of social enterprises, differentiating them from traditional non-profits and for-profit entities, and discuss their historical evolution with a focus on key milestones. Additionally, it will identify the primary research problem regarding the legal framework governing social enterprises, clearly articulate the research objectives and questions, and explain the significance of the study for policymakers and stakeholders. A brief overview of the research methodology will also be included, as well as a literature review detailing the notion centred around what exactly social enterprises are.

1.9.2 Chapter Two

This chapter examines the historical background and development of social enterprises, beginning with their global emergence and growth across different regions. It further focuses on Zambia by analysing the evolution of social enterprises during the pre-independence and post-independence periods. The chapter discusses early community-based initiatives, the growth of social enterprises after independence, the challenges they encountered, and their contribution to Zambia's socio-economic development.

The chapter also explores the provisions of the Societies Act that are relevant to social enterprises in Zambia. It analyses the legal framework governing their structure, registration, and operations, while assessing whether the Act expressly recognises social enterprises or requires them to operate under existing legal categories such as non-profit organisations or private companies limited by guarantee.

1.9.3 Chapter Three

This chapter explores the legal and institutional framework governing social enterprises in Kenya. Particular attention is given to the Public Benefit Organisations Act and other relevant laws that support social enterprises. The chapter evaluates the effectiveness of this framework in promoting sustainability, accountability, and growth of social enterprises.

1.9.4 Chapter Four

This chapter examines the legal frameworks governing social enterprises in Kenya and compares them to identify best practices that may be relevant to Zambia. It explores how Kenya's combination of company laws and non-profit regulations supports the operation and growth of social enterprises, including the role of supportive institutions and incentives. The chapter further analyses the similarities and differences within these regulatory frameworks to provide insights into their effectiveness and concludes by identifying lessons and adaptable approaches that Zambia may adopt to strengthen its own legal framework for social enterprises.

1.9.5 Chapter Five

Chapter five will begin with an introduction outlining the importance of legislative reforms in the Societies Act to support social entrepreneurship in Zambia. It will then present specific recommendations for policymakers, including creating a distinct legal category for social enterprises to simplify registration and enhance funding opportunities. Finally, the chapter will conclude by summarizing the importance of implementing these recommendations, reflecting on the socio-economic benefits of a strengthened social enterprise sector, and calling on stakeholders to commit to these necessary legislative changes pertaining to the same in Zambia.

1.10 CONCLUSION

This chapter has laid the foundation for the study by outlining the central issues surrounding the regulation of social enterprises. It began by providing the background to the study and identifying the core problem, namely the absence of a clear and distinct legal framework for social enterprises in Zambia. The chapter further set out the research objectives and corresponding questions, which guide the inquiry into the regulatory and comparative dimensions of social enterprise law.

In addition, the chapter presented a critical review of existing literature, highlighting key debates on the definition, characteristics, and regulation of social enterprises. While the literature demonstrates growing recognition of the role of social enterprises in addressing socio-economic challenges, it also reveals significant gaps, particularly in relation to legal recognition and regulatory support within Zambia. The comparative insights drawn from Kenya underscore the importance of context-specific yet adaptable legal frameworks.

The chapter also outlined the research methodology and clarified the scope and significance of the study, emphasizing its contribution to legal scholarship and policy reform. Overall, the discussion in this chapter establishes the basis for a more detailed examination of the regulatory framework in Zambia, which is undertaken in the next chapter.

CHAPTER TWO

HISTORICAL BACKGROUND, EVOLUTION AND SALIENT PROVISIONS OF SOCIAL ENTERPRISES IN THE SOCIETIES ACT

2.1 Introduction

Social enterprises have emerged globally as powerful catalysts for addressing social, environmental, and economic challenges through sustainable business models. The concept gained momentum in the late 20th century, particularly in countries like the United Kingdom, the United States, and parts of Europe, where organisations sought to blend traditional business practices with social missions.[64] Pioneers such as cooperatives, microfinance institutions, and fair-trade organisations paved the way for this movement, emphasizing inclusive growth, empowerment, and ethical practices. These enterprises operate with a dual purpose: generating profit while also solving pressing societal issues. This global evolution of social enterprises reflects a growing recognition of their potential to contribute to inclusive economies, reduce inequalities, and drive innovation in social problem-solving.

In Zambia, social enterprises have emerged as innovative solutions to address the socio-economic challenges faced by communities, such as poverty, unemployment, and access to essential services. The origins of social enterprises in Zambia can be traced back to colonial and post-independence eras, where cooperative movements, civil society organisations, and grassroots initiatives played pivotal roles in community development.[65] Over time, these initiatives evolved, blending entrepreneurial approaches with social objectives to create sustainable models for impact.[66]

This chapter delves into the emergence and historical evolution of social enterprises, tracing their roots from early cooperative movements to their modern-day significance as agents of socio-economic change. It explores how social enterprises have developed globally and within Zambia

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[64] A. Bugg-Levine and J. Emerson, *Impact Investing: Transforming How We Make Money While Making a Difference* (Jossey-Bass 2011) 15.
[65] R. I. Rotberg, *The Rise of Nationalism in Central Africa: The Making of Malawi and Zambia, 1873-1964* (Harvard University Press 1965) 216.
[66] Ibid.

touching on pre- and post-independence times as well as highlighting key milestones that have shaped their growth and impact.

2.2 The Emergence of Social Enterprises Globally

Social enterprises are said to have existed in the recent centuries, though they have gained significant recognition only in the most recent decades under the specific term "social entrepreneurship." This shift in terminology has been largely driven by various organisations, mostly non-profit dedicated to identifying and supporting top entrepreneurs worldwide, with the goal of fostering social change but with making profit beneficial for their sustainability and projects.[67] Although the term "social entrepreneur" gained popularity more recently, history is filled with social innovators who have shaped many of the practices we now take for granted. One prime example is Florence Nightingale, whose ground breaking work led to the establishment of modern nursing. However, these instances of social entrepreneurship were often at individual level resulting in isolated efforts.[68] This chapter will focus on the rise of the social enterprise sector as an organized industry, where social enterprises are widely recognised by society as powerful tools for tackling social challenges.

Social enterprises, though a modern term, have their roots in cooperative movements that emerged during the 19th century. A notable early example is the Rochdale Pioneers, a group of British weavers who founded a consumer cooperative in 1844 in response to the economic difficulties brought on by the Industrial Revolution. Their focus on democratic governance, shared ownership, and community benefit became the cornerstone of the cooperative movement, which later spread throughout Europe and other regions.[69] These cooperatives played a crucial role in safeguarding workers' rights and offering alternatives to exploitative labour practices, illustrating the long-standing connection between social justice and economic initiatives.[70]

The recognition of social entrepreneurship as a unique discipline began to accelerate during the 1980s and 1990s, largely due to the creation of Ashoka, an organisation founded by Bill Drayton

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[67] D. Poon, The Emergence and Development of Social Enterprise Sectors, (University of Pennsylvania 2011), 14.
[68] Ibid.
[69] J. Birchall, *Co-op: The People's Business* (Manchester University Press 1994) 36.
[70] B. Fairbairn, *Cooperatives and Local Development: Theory and Applications for the 21st Century* (University of Saskatchewan Press 2004) 45.

in 1980. Ashoka became one of the first global initiatives dedicated to identifying and supporting social entrepreneurs who were developing innovative solutions to critical societal challenges.[71] During this time, new legal structures also began to emerge to accommodate social enterprises, especially in Europe and North America, where policymakers started to appreciate the value of organisations that blend social and commercial objectives. In the United States, for example, the introduction of the Benefit Corporation model provided businesses with a legal framework to pursue both financial and social goals.[72]

In the early 2000s, social enterprises became more structured and widely recognised as a vital component of the global social and economic framework. The United Kingdom took the lead in creating a formal legal structure for social enterprises with the introduction of the Community Interest Company (CIC) in 2005 and later amendment some key sections, offering organisations a defined pathway to pursue both social impact and financial sustainability.[73] Other European countries soon followed by implementing similar frameworks, further legitimizing the sector.[74] During this period, the concept of "impact investing" began gaining momentum, channelling more investment towards companies that aimed to achieve both financial returns and positive social change.[75]

Today, social enterprises play a leading role in addressing significant global issues such as poverty, healthcare, education, and environmental sustainability. Kenya is one of the leading countries in Africa that has enacted legislation that speaks to these types of entities.[76] The Public Benefits Organisation Act was assented to repeal the Non-Governmental Organisation (NGO) Coordination Act (1990) due to its inadequacies. Groups like the Global Impact Investing Network (GIIN) and the Social Enterprise World Forum have established platforms that enable social entrepreneurs to collaborate and expand their reach.[77] Social enterprises are increasingly recognised as crucial

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[71] B. Drayton, *Everyone a Changemaker: The Story of Ashoka* (Harvard Business Review Press 2008) 130.
[72] R. T. Esposito, 'The Social Enterprise Revolution in Corporate Law: A Primer on the Benefits and Challenges of Benefit Corporations' (2012) 4 Harvard Business Law Review, 278.
[73] D. Hines and S. Parker, 'Community Interest Companies: An Emerging Form of Social Enterprise' (2007) 3(1) Social Enterprise Journal, 3.
[74] Ibid.
[75] A. Bugg-Levine and J. Emerson, *Impact Investing: Transforming How We Make Money While Making a Difference* (Jossey-Bass 2011) 62.
[76] International Commission for Jurists, *Analysis of The Provisions of the Public Benefit Organisations Act 2013 (Pbo Act),* (2021) 2.
[77] Global Impact Investing Network, *Annual Impact Investor Survey* (GIIN 2021) 16.

contributors to achieving the United Nations Sustainable Development Goals, acting as a bridge between public and private sectors to develop sustainable, scalable solutions for the world's most urgent challenges.[78]

2.3 Evolution and Development of Social Enterprises in Zambia

2.3.1 Pre-Independence Period

The rise of social enterprises in Zambia prior to independence is fundamentally connected to the agricultural cooperative movements initiated by local communities in response to colonial economic conditions. In the early 1900s, these cooperatives were created as a strategy for local farmers to navigate the restrictions of a colonial economy that predominantly benefitted European settlers.[79] The exclusion of African farmers from market participation brought about the need for collective efforts, resulting in the formation of groups that enabled resource pooling, risk-sharing, and enhanced market access.[80] Beyond meeting immediate economic challenges, these agricultural cooperatives also cultivated a strong sense of community and mutual aid among their participants.[81]

The formation of the African Representative Council in 1946 represented a crucial shift in the political dynamics of colonial Zambia. This Council provided a limited platform for African representation, allowing indigenous leaders to champion economic reforms, including the advancement of cooperative initiatives.[82] As a result of this political engagement, African leaders began advocating for policies that acknowledged the economic roles of local communities, which in turn led to increased support for cooperative movements. The creation of entities like the Maize Control Board in the late 1940s was intended to safeguard the interests of African farmers, facilitating their ability to sell crops at equitable prices.[83] Consequently, the cooperative movement

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[78] United Nations, *The Sustainable Development Goals Report 2023* (United Nations Publications 2023) 115.
[79] W. J. Phiri, *A Political History of Zambia: From Colonial Rule to the Third Republic* (Panaf Publications 2006) 90.
[80] J. Loxley, *The Political Economy of Zambia* (Oxford University Press 1977) 52.
[81] Ibid.
[82] R. I. Rotberg, *The Rise of Nationalism in Central Africa: The Making of Malawi and Zambia, 1873-1964* (Harvard University Press 1965) 221.
[83] C. Ng'andwe, *'Agricultural Cooperatives and Their Role in Development: The Case of Zambia'* (2007) *African Journal of Agricultural and Resource Economics* 35.

gained momentum, serving as both a tool for economic empowerment and a means of expressing political aspirations and fostering social change.[84]

In urban settings, especially on the Copperbelt, social enterprises began to take in various forms. In response to the difficulties encountered by urban workers migrating from rural areas to seek employment in the mines, mutual aid societies, burial societies, and informal savings groups were established.[85] These organisations operated similarly to contemporary social enterprises by pooling resources to offer financial assistance during periods of illness, death, or other emergencies. The significance of these informal social enterprises is profound, as they catered to the social welfare needs of their members amidst a swiftly evolving economic landscape that lacked formal safety nets. They played a vital role in supporting families, ensuring that community members received care during challenging times.[86]

The emergence of nationalist movements in the 1950s significantly shaped the development of social enterprises in Zambia. Prominent leaders of the independence movement, such as Kenneth Kaunda, began to highlight economic self-sufficiency as a fundamental aspect of the fight for political freedom.[87] The cooperative movement was seen as essential for empowering everyday Zambians and achieving economic autonomy from colonial powers.[88] Social enterprises were perceived not just as economic organisations but also as instruments for social and political empowerment, resonating with the broader aims of the nationalist movement.[89] This link between social entrepreneurship and nationalism showcased how economic initiatives could play a crucial role in facilitating broader social change.[90]

When Zambia achieved independence in 1964, the foundation for social enterprises and cooperatives had already been solidly laid. These institutions were instrumental in influencing the nation's initial economic strategies in the post-independence era, especially regarding agriculture and rural development.[91] The newly formed government acknowledged the significance of these

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[84] Ibid.
[85] M. Hinfelaar, *Communities and the Copperbelt: Urbanization and Social Change in Zambia* (Routledge 2007) 103.
[86] J. L. Parpart, *Labor and Capital on the African Copperbelt* (Temple University Press 1983) 113.
[87] K. D. Kaunda, *Zambia Shall Be Free* (Heinemann 1962) 81.
[88] O. Sichone, *Nationalism and Democracy in Post-colonial Zambia* (Ashgate Publishing 1998) 45.
[89] Ibid.
[90] Ibid.
[91] F. MacPherson, *Rural Cooperatives and African Development* (Lynne Rienner Publishers 1993) 102.

cooperatives in fostering economic progress and combating poverty, which resulted in the formal establishment of social enterprises in the ensuing decades.[92] The impact of these early efforts continues to shape Zambia's economic landscape today, highlighting the lasting connection between social enterprise and community empowerment.[93]

2.3.2 Post-Independence Period

Since Zambia gained independence in 1964, social enterprises have undergone significant transformation. In the early years, the government, led by Kenneth Kaunda, implemented a centralized economic system, focusing on nationalizing key industries to boost economic growth and enhance social welfare.[94] This approach involved substantial state control over economic activities. However, over time, inefficiencies and challenges in managing state-owned enterprises emerged, leading to the introduction of economic reforms in the 1990s that aimed to address these issues.[95]

During the 1990s, Zambia introduced Structural Adjustment Programs (SAPs), which resulted in economic liberalization and the privatization of many state-owned companies.[96] Although these reforms improved some areas of the economy, they also created shortcomings in the delivery of social services.[97] In response, social enterprises began to develop, led mainly by community-based organisations and NGOs, stepping in to address the social welfare needs that the government could no longer fully meet.[98]

In the early 2000s, the concept of social enterprises started to gain traction, with local organisations increasingly using business strategies to pursue their social goals. Microfinance played a key role in encouraging social entrepreneurship, with institutions like FINCA Zambia and Vision Fund offering financial support to small businesses and individuals who typically lacked access to traditional banking.[99] This era also witnessed the growth of cooperatives and community-driven

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[92] Ibid.
[93] Ibid.
[94] Simutanyi N, *'The Politics of Structural Adjustment in Zambia*' (1996) 17(4) Third World Quarterly 825-839.
[95] Ibid.
[96] Rakner, L. *The Politics of Economic Reform in Zambia*. (Nordic Africa Institute 2003) 25.
[97] Ibid.
[98] Ibid.
[99] Kamanyi, L., and Romer, C. "Microfinance in Zambia: The Case of FINCA." (*Microfinance Gateway* 2006) 10.

enterprises, with a focus on reducing poverty, improving education, and enhancing healthcare services.

In recent years, social enterprises in Zambia have gained greater formal recognition, especially through initiatives like the Social Enterprise Academy and BongoHive.[100] These programs offer training and resources to entrepreneurs aiming to balance financial sustainability with social impact.[101] Many social enterprises have shifted their focus to key sectors such as renewable energy, education, and healthcare. Noteworthy examples include ZayoHub and Alive and Kicking, which contribute not only to economic growth but also tackle challenges related to education, healthcare access, and environmental sustainability.[102]

The government's involvement in fostering social entrepreneurship has expanded over time. Policies and collaborations with international donors have played a key role in advancing the sector. The government has backed social enterprises through several initiatives, such as small-scale renewable energy projects and agricultural programs designed to reduce poverty. Today, social enterprises are crucial to Zambia's efforts to achieve its Sustainable Development Goals (SDGs), promoting inclusive economic growth and helping to alleviate poverty.[103] This also includes talks by a new wing of the government which is the Ministry of Science and Technology.[104]

2.4 Salient Provisions Governing Social Enterprises Currently in the Societies Act

In Zambia, the concept of social enterprises is a relatively recent development, and there is currently no specific legislation that explicitly defines or regulates these entities. Despite this legal gap, the Societies Act serves as the present and current primary legislative framework governing social enterprises.

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[100] Mwansa D and Berg S, *'Social Enterprise and Innovation in Zambia: A Case Study of BongoHive*' (2017) 9(1) Journal of Entrepreneurship in Emerging Economies 89-101.
[101] Zulu J, *'Social Enterprises in Zambia: Challenges and Opportunities'* (2019) 12(2) Zambian Journal of Development Studies 45-67.
[102] Mwansa D and Berg S, *'Social Enterprise and Innovation in Zambia: A Case Study of BongoHive'* (2017) 9(1) Journal of Entrepreneurship in Emerging Economies 89-101.
[103] Mulenga, M. "*The Impact of Social Enterprises in Poverty Reduction in Zambia*." (Sustainable Development Report, UNDP 2020) 6.
[104] Ibid.

The reliance on the Societies Act highlights the need for ongoing legal evolution to address the unique characteristics and objectives of social enterprises, ensuring they contribute effectively to Zambia's socio-economic development.[105]

This Act provides for salient features relevant to provisions centred around social enterprises which will be discussed below in this chapter, and these are provisions that have sought to accommodate social enterprises.

2.4.1 Incorporation of Social Enterprises

Under the Zambian legal framework, social enterprises that are not incorporated under the Companies Act may be registered under the provisions of the Societies Act. The Act defines a "society" broadly to include any club, company, partnership, or association consisting of ten or more persons formed for a common purpose within Zambia.[106] This broad definition allows many social enterprises, particularly those operating on a non-profit or community-based model, to register as societies. However, the Act does not expressly recognise "social enterprises" as a distinct legal entity, thereby requiring them to operate within the existing framework applicable to societies and associations.[107]

The incorporation process begins with an application for registration or exemption from registration submitted to the Registrar of Societies. Section 6 of the Act requires every society to apply for registration within twenty-eight days of its formation, adoption of a constitution, or establishment of rules.[108] The application must comply with the requirements set out under the Societies Rules. Rule 5 provides that the application must be made in quadruplicate using the prescribed Form S.O.1 and signed by all office-bearers in the presence of the Registrar of the district where the society's registered office is situated.[109] The application must further include three copies of the constitution and rules of the society, together with the prescribed registration

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[105] M. Tshuma, *Social Enterprise Development in Zambia: Challenges and Prospects* (52(1), Zambia Law Journal 25-39.
[106] Section 2 of the Societies Act.
[107] Ibid.
[108] Section 6(1).
[109] Societies Rules, r 5(1)(a)-(c).

fee.[110] Where the constitution is drafted in a language other than English, three translated copies in English must also be submitted.[111]

The application must contain detailed information relating to the society. This includes the proposed name of the society, the names and particulars of office-bearers, the registered office and postal address, the objects of the society, membership restrictions, and details regarding any immovable property owned by the society.[112] The requirement to disclose the objects of the society is particularly significant because the Registrar assesses whether the intended activities are lawful and consistent with public welfare before granting registration.[113]

Upon submission of the application, the Registrar considers whether the society satisfies the statutory requirements for registration. The Registrar is mandated to register the society once a due application has been made, provided that the society complies with the provisions of the Act.[114] However, the Registrar has the mandate to refuse registration where the society's objectives are unlawful, prejudicial to public order, or inconsistent with the laws of Zambia.[115] Registration may also be denied where the society's proposed name is identical or substantially similar to that of an existing society or where the application fails to comply with the prescribed procedures.[116]

Where the application is successful, the Registrar enters the particulars of the society in the register maintained under section 10 of the Act and issues a Certificate of Registration as evidence of legal recognition.[117] The certificate serves as prima facie proof that the society has been lawfully registered under the Act.[118] In certain circumstances, a society may instead be granted exemption from registration with the approval of the Permanent Secretary, after which a Certificate of Exemption is issued.[119]

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[110] ibid r 5(1)(d)-(e).
[111] r 5(3).
[112] Societies Rules, Form S.O.1.
[113] Section 8.
[114] Section 7.
[115] Section 8 and 9.
[116] Section 9 (d)
[117] Section 10(1); Societies Rules, r 6.
[118] Section 7(3).
[119] Section 7(2)-(4); Societies Rules, r 7.

After incorporation, registered societies are required to comply with continuing statutory obligations. These include maintaining a registered office, notifying the Registrar of any changes to the constitution, name, objects, or office-bearers, and submitting annual returns to the Registrar.[120] The Act also empowers authorised officers to require societies to furnish accounts, audited financial statements, and other information relating to their operations.[121] Failure to comply with these obligations may result in penalties, cancellation of registration, or the declaration of the society as unlawful.[122]

2.4.2 Continuous Reporting and Disclosure Obligations

The Act imposes continuous reporting and disclosure obligations on registered societies. Societies are required to maintain proper books of account, registers of members, and annual returns.[123] Authorised officers may also require societies to furnish audited accounts and other operational information.[124] These provisions are intended to promote transparency and accountability in the operations of societies. However, such obligations may create administrative and financial challenges for smaller social enterprises with limited resources.

2.4.3 Regulation of Unlawful Societies

Another important feature of the Act is the strict regulation of unlawful societies. Section 23 provides that any society that is neither registered nor exempted from registration is deemed unlawful.[125] Members and office-bearers of unlawful societies may be subjected to criminal sanctions, including fines and imprisonment.[126] The Act therefore makes registration mandatory and attaches serious legal consequences to non-compliance.

2.4.4 Legal Status of Social Enterprises

Under the Act, social enterprises have no distinct or expressly recognised legal status. The Act, particularly under section 2, broadly defines a “society” as an association of not less than ten

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[120] Sections 17–19 and 34; Societies Rules, r 11–16.
[121] Sections 19–20.
[122] Sections 13 and 23.
[123] Societies Rules, r 3–4 and 16.
[124] Sections 19 and 20.
[125] Section 23(1).
[126] Sections 23 – 24.

persons formed for a common purpose, which may include social, charitable, or community-oriented objectives,[127] and, it provides for the registration and regulation of such associations through the Registrar of Societies.[128] However, the Act is primarily designed to govern non-profit associations and does not accommodate the hybrid nature of social enterprises that combine social objectives with commercial trading activities. As a result, social enterprises are only indirectly covered where they take the form of registered societies, but the Act does not confer upon them a specialised legal identity, regulatory framework, or recognition as a distinct category of organisation.

2.5 Conclusion

In conclusion, this chapter has demonstrated that social enterprises have evolved from early cooperative and community-based initiatives into globally recognised instruments for addressing socio-economic challenges. While their conceptual development has gained significant traction internationally, particularly through legal recognition in jurisdictions such as the United Kingdom and Kenya, Zambia's experience reflects a more gradual and informal evolution rooted in pre-independence cooperative movements and strengthened through post-independence socio-economic reforms. Despite their growing importance in promoting inclusive development and contributing to national development goals, social enterprises in Zambia remain legally unrecognised as a distinct category.

Within the framework of the Societies Act, social enterprises are only indirectly accommodated through registration as societies, without any specialised legal status or tailored regulatory framework. The Act, although useful in providing a basic structure for incorporation, governance, and accountability of associations, is limited in addressing the hybrid nature of social enterprises that combine social impact with commercial activity. This legal gap highlights the need for legislative reform to develop a more appropriate and enabling framework that reflects the realities of social enterprises and enhances their contribution to Zambia's socio-economic development.

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[127] Section 2.
[128] Sections 7 – 10.

CHAPTER THREE

EVALUATING THE SOCIETIES ACT'S ALIGNNMENT WITH SOCIAL ENTERPRISE REQUIREMENTS IN ZAMBIA

3.1 Introduction

This chapter critically assesses the alignment of the Societies Act of Zambia with the legal and regulatory needs of social enterprises. Social enterprises are organisations that seek to address social, cultural, or environmental challenges while at the same time pursuing financial sustainability, thereby distinguishing themselves from purely charitable associations and conventional profit-driven businesses. Within this context, it is important that the legal framework governing their operation is capable of accommodating their social mission alongside their operational and, in some cases, income-generating activities.[129] The Societies Act, as the principal legislation governing the registration and regulation of associations and societies in Zambia, therefore requires examination to determine the extent to which it provides an enabling environment for such hybrid organisations.

The Societies Act, however, was primarily designed to regulate non-profit associations, clubs, and community-based organisations whose core objective is not commercial gain but collective social or public benefit. While it provides a framework for registration, governance, and accountability of societies,[130] it does not expressly recognise or provide for the unique structural and operational needs of social enterprises, particularly those that combine social impact with business activity. Social enterprises therefore operate within a constrained legal environment under the Act, which limits flexibility in areas such as income generation, reinvestment of profits, and governance arrangements. This chapter therefore evaluates the provisions of the Societies Act in relation to incorporation, legal status, reporting obligations, and regulatory control, in order to determine whether it adequately accommodates the evolving nature and needs of social enterprises in Zambia.

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[129] J. G. Dees, *The meaning of "social entrepreneurship"*, (Stanford University: Draft Report for the Kauffman Center for Entrepreneurial Leadership, 1998).
[130] Sections 3 – 30.

3.2 Legal Challenges Social Enterprises face under Zambia's Societies Act

Despite providing a framework for the registration and operation of non-profit organisations, the Societies Act presents several legal challenges for social enterprises in Zambia. Social enterprises often operate through hybrid models that combine social objectives with income-generating activities as earlier alluded to.[131] However, the Act was primarily designed for traditional associations and charitable organisations, making it difficult for social enterprises to fit comfortably within its structure. This creates uncertainty regarding governance, sustainability, accountability, and the extent to which such entities may engage in commercial activities while still maintaining their social mission. As a result, many social enterprises face practical and legal limitations that affect their growth and effectiveness. Below are some of the legal challenges that social enterprises face under the Societies Act.

3.2.1 Absence of a Distinct Legal Framework for Social Enterprises

One of the major legal challenges facing social enterprises in Zambia is the absence of a specific legal framework recognising them as a distinct category of organisation. As earlier emphasized, the Societies Act was enacted primarily to regulate associations, clubs, and non-profit organisations rather than hybrid entities that combine commercial activities with social objectives. Under section 2 of the Act, a "society" is broadly defined to include associations formed for a common purpose, but the Act does not expressly recognise social enterprises or provide legal provisions tailored to their unique operational model.[132] Consequently, social enterprises are compelled to operate within legal structures that do not adequately reflect their dual mission of social impact and financial sustainability.

This absence of legal recognition creates uncertainty regarding the legal identity, governance, and operational scope of social enterprises. Unlike jurisdictions such as the United Kingdom, which recognises Community Interest Companies (CICs)[133], Zambia lacks legislation specifically designed to regulate organisations that reinvest profits towards social objectives while engaging in

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[131] N. Choi and S. Majumdar, *Social entrepreneurship as an essentially contested concept: Opening a new avenue for systematic future research* (2014) 29(3) Journal of Business Venturing.

[132] Section 2.
[133] Regulations of 2005.

business activities. As a result, many social enterprises are forced either to register as societies under the Societies Act or as companies under the Companies Act (this is for SEs that want to incorporate the aspects of limited liability[134] and issues to do with directors and shareholders[135]), even though neither framework fully accommodates their hybrid nature. This legal gap limits the growth and formal recognition of social enterprises within Zambia's regulatory environment.

3.2.2 Restrictive Nature of the Registration Process

Another significant challenge lies in the registration requirements imposed under the Societies Act and the Societies Rules. Rule 5 of the Societies Rules requires every application for registration to be submitted in quadruplicate, signed by all office-bearers before the Registrar, and accompanied by multiple copies of the constitution and prescribed fees.[136] The application must further contain detailed information regarding office-bearers, membership, property ownership, and the objectives of the society.[137]

While these requirements are intended to ensure transparency and accountability, they may become burdensome for emerging social enterprises, especially those operating at community level with limited financial and administrative capacity. The requirement that all office-bearers appear before the Registrar can also create logistical difficulties for organisations operating across different districts or provinces. In addition, delays and administrative discretion during the registration process may discourage innovation and limit the ability of social enterprises to formalise their operations efficiently.

3.2.3 Inadequate Provisions for Commercial Activities

This law was designed primarily for non-profit and associative organisations and does not adequately regulate or fully support income-generating activities. Social enterprises often rely on commercial activities to sustain their operations and finance their social missions. However, the Act does not provide guidance regarding profit reinvestment, or social investment mechanisms.

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[134] Part II, Section 9 of the Companies Act of Zambia.
[135] Ibid, Part VII.
[136] Societies Rules, r 5(1).
[137] Societies Rules, Form S.O.1.

Individuals seeking to incorporate social enterprises with the above characteristics, may have to resort to establishing companies in accordance with the Companies Act.[138]

This creates uncertainty regarding whether commercial activities conducted by social enterprises may be interpreted as inconsistent with the non-profit character traditionally associated with societies. The absence of provisions regulating social trading models exposes organisations to regulatory risk and creates confusion regarding taxation, accounting obligations, and permissible profit distribution.

This creates legal ambiguity regarding the extent to which registered societies may engage in business activities without conflicting with their declared non-profit nature. The absence of provisions regulating hybrid financial structures also discourages investors and donors who may require legal certainty before supporting social enterprises. Consequently, many social enterprises face difficulties accessing finance and attracting partnerships due to the uncertainty surrounding their legal and operational status.

3.2.4 Lack of Provisions on Social Investment and Asset Protection

One of the major shortcomings of the Societies Act in relation to social enterprises is the absence of clear legal provisions regulating social investment and protecting organisational assets dedicated to public benefit purposes. Social enterprises are generally established to pursue social, economic, or environmental objectives while simultaneously engaging in income-generating activities to sustain their operations. In many jurisdictions, specialised legal frameworks governing social enterprises contain mechanisms such as asset locks, restrictions on profit distribution, and provisions regulating social investment to ensure that organisational resources continue to be utilised for community benefit. However, the Zambian Societies Act does not provide any such protections or guidance.[139]

3.2.4.1 Asset Protection

The absence of legal provisions on asset protection creates uncertainty concerning the ownership, use, and distribution of assets accumulated by social enterprises. Under the current framework,

[138] No 10 of 2017.
[139] The Societies Act.

societies are required to disclose information regarding immovable property owned by the organisation during registration,[140] but the Act does not provide safeguards ensuring that such assets remain dedicated to social objectives. This means that there are no statutory restrictions preventing the misuse, transfer, or disposal of organisational property in ways that may undermine the social mission of the enterprise. In practice, this may expose social enterprises to risks of internal abuse, mismanagement, or diversion of assets by office-bearers or members. These shortcomings of legal safeguards therefore, weakens public confidence and accountability within the sector.

3.2.4.2 Asset Lock Mechanism

In addition to the above, the lack of asset-lock provisions is particularly problematic when compared with legal frameworks in other jurisdictions. For example, the United Kingdom's Community Interest Company (CIC) model includes an asset lock mechanism that restricts the distribution of profits and assets to ensure that they are used primarily for community benefit.[141] The asset lock serves as a legal guarantee that organisational resources cannot be diverted for private enrichment. Such protection encourages public trust, investor confidence, and donor support because stakeholders are assured that the organisation's assets will continue to serve social objectives. Zambia's Societies Act, however, lacks equivalent provisions, thereby leaving social enterprises without legal mechanisms specifically designed to preserve their social mission over time.

3.2.4.3 Social Investment

The shortfall of provisions regulating social investment also creates significant challenges for financing social enterprises. Social investment refers to the provision of funding to organisations that generate measurable social impact alongside financial returns. Modern social enterprises often rely on impact investors, donor agencies, development finance institutions, and blended financing models to support their operations and expansion. However, investors generally require legal

[140] Societies Rules, Form S.O.1.
[141] Companies (Audit, Investigations and Community Enterprise) Act 2004 (UK), pt 2; Community Interest Company Regulations 2005 (UK) SI 2005/1788.

certainty regarding governance structures, accountability mechanisms, and the protection of invested assets before committing resources.[142]

The Societies Act does not provide a legal framework governing how social enterprises may attract, utilise, or manage social investment. Unlike company law frameworks that clearly define shareholder rights,[143] profit allocation,[144] and capital structures,[145] the Act remains largely silent on investment arrangements involving societies. As a result, social enterprises registered under the Act may face difficulties convincing investors and financial institutions that their investments will be adequately protected. The uncertainty surrounding ownership structures and financial management[146] may discourage both domestic and international investment into the sector.

3.2.4.4 Profit Distribution and Reinvestment

Furthermore, the gap of legal provisions on profit reinvestment creates additional challenges for social enterprises. In many jurisdictions, social enterprise legislation requires a substantial portion of profits to be reinvested into achieving social objectives rather than distributed to members or directors.[147] such provisions ensure that organisations remain committed to their public benefit mission while still maintaining financial sustainability. The Societies Act does not impose any such obligations or provide guidance on the permissible use of profits generated through commercial activities. This creates ambiguity regarding whether societies may distribute profits to members or office-bearers and to what extent commercial activities may be pursued without compromising the organisation's legal status.

3.2.4.5 Asset Protection – Dissolution and Winding-up

The absence of asset protection mechanisms creates uncertainty during dissolution or winding up of societies.[148] Although the Act provides procedures relating to unlawful societies and the winding up of affairs.[149] It does not specify how assets accumulated for public benefit purposes should be

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[142] A. Nicholls, *Social Entrepreneurship: New Models of Sustainable Social Change* (Oxford University Press 2006) 12–15.
[143] Part VIII of the Companies Act of Zambia.
[144] Section 159 of the Companies Act.
[145] Part IX of the Companies Act.
[146] Part XII of the Companies Act.
[147] R. Ridley et all, *Understanding Social Enterprise: Theory and Practice* (3rd edn, Sage Publications 2021) 89–92.
[148] The Corporate Insolvency Act No 9 of 2017of the Laws of Zambia.
[149] Sections 23 – 30 of the Societies Act.

distributed upon dissolution. In the absence of clear statutory safeguards, there is a risk that assets intended for community benefit may be diverted for private use or distributed inconsistently with the organisation's original social objectives. This undermines the principle of public trust upon which social enterprises are generally founded.

3.2.5 The Legal Status of Social Enterprises pertaining to the Societies Act

Upon incorporation under the Companies Act, for instance, a company attains a distinct legal identity separate from its members. This status enables the company to hold property, enter into legal relationships, sue and be sued in its own name, and enjoy perpetual succession until such time as it is formally removed from the register.[150] The doctrine of separate legal personality constitutes a fundamental principle of company law, ensuring organisational continuity, legal certainty, and operational independence. These attributes are particularly beneficial to entities pursuing social enterprise objectives through a corporate structure.

By contrast, the Societies Act does not expressly confer separate legal personality upon registered societies in the same manner as the Companies Act. The legislative framework is primarily concerned with the registration, supervision, and regulation of associations rather than the creation of corporate bodies. Although section 2 provides a broad definition of a society and sections 6 to 10 establish procedures for registration and the issuance of registration certificates, the Act does not specifically recognise a registered society as a legal person distinct from its members.[151] Consequently, any legal capacity enjoyed by a society arises indirectly from its registration and recognition by the regulatory authorities, leaving societies to function largely as associations of individuals rather than autonomous corporate entities.

This divergence in legal status carries significant consequences for social enterprises. A social enterprise incorporated under the Companies Act enjoys the advantages associated with separate legal personality under section 16, including the capacity to own property, enter into contracts, and continue its existence irrespective of changes in membership.[152] Conversely, a social enterprise

[150] Section 16 of the Companies Act.
[151] Sections 2, and 6 to 10.
[152] Section 16 of the Companies Act.

registered under the Societies Act operates within a less certain legal framework, particularly with respect to contractual capacity, ownership of assets, member liability, and organisational continuity. The absence of an explicit grant of legal personality under the Societies Act therefore limits its suitability as a legal vehicle for social enterprises and highlights the regulatory distinction between incorporated companies and societies pursuing social objectives.

3.3 Conclusion

This chapter has critically examined the legal challenges faced by social enterprises operating under the Societies Act. The discussion has demonstrated that although the Act provides a basic legal framework for the registration and regulation of societies, it remains inadequate in addressing the unique and evolving nature of social enterprises. The absence of a distinct legal status for social enterprises creates uncertainty regarding their governance, operational scope, financing mechanisms, and accountability structures. As a result, social enterprises are compelled to operate within a framework originally intended for traditional non-profit associations, despite their hybrid character which combines social impact with commercial sustainability.

The chapter has further established that the restrictive registration procedures, broad discretionary powers granted to the Minister and Registrar, burdensome compliance obligations, and severe penalties for non-compliance create operational difficulties for social enterprises. Additionally, the lack of provisions governing social investment, asset protection, profit reinvestment, and impact financing significantly limits the ability of social enterprises to attract funding, scale operations, and preserve their social mission. These legal and regulatory shortcomings ultimately undermine the growth and sustainability of social enterprises in Zambia. The chapter therefore highlights the urgent need for legislative reform aimed at establishing a specialised and enabling legal framework that recognises social enterprises as distinct entities capable of contributing meaningfully to socio-economic development, innovation, poverty reduction, and the attainment of sustainable development goals in Zambia.

CHAPTER FOUR

A COMPARATIVE ANALYSIS OF THE SOCIETIES ACT OF ZAMBIA AND PUBLIC BENEFITS ORGANISATION ACT OF KENYA

4.1 Introduction

The emergence and growth of social enterprises, non-governmental organisations, charities, and community-based organisations have increasingly shaped socio-economic development across Africa. These organisations play a critical role in addressing social challenges across different economic sectors. In many developing countries, including Zambia and Kenya, civil society organisations complement government efforts by delivering essential public services and promoting community development. Consequently, the legal frameworks regulating such organisations have become an important area of academic and policy discussion.

In Zambia, the principal legislation governing the registration and regulation of associations and non-profit organisations is the Societies Act (hereinafter referred to as "SA") of Zambia (and/or in some instances, the Companies Act No.10 of 2017 under the Companies limited by guarantee[153]). The Act provides for the registration, regulation, and oversight of societies operating within the country. Under the Act, a "society" generally refers to any club, company, partnership, or association consisting of ten or more persons, regardless of its nature or objective.[154] While the Act seeks to ensure accountability and public order, critics have argued that some of its provisions are restrictive and may limit the operational independence of civil society organisations.[155]

In contrast, Kenya enacted the Public Benefit Organisations Act (hereinafter referred to as "PBOA") to provide a more progressive and facilitative framework for public benefit organisations. The Act recognises the importance of non-state actors in national development and seeks to create an enabling environment for their operation.[156] Unlike the Zambian Societies Act, which largely focuses on regulation and control, the Kenyan legislation adopts a rights-based and developmental approach by formally recognizing public benefit organisations as important

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[153] Section 10 of the CA

[154] Section 2 of the Societies Act (hereinafter referred to as "SA") of Zambia.

[155] S. Ngalande, *Social Enterprise Development in Zambia: Challenges and Opportunities* (2021) 5(21) Zambia Business Journal.

[156] Public Benefit Organisations Act (hereinafter referred to as PBOA) 2013 of Kenya, preamble.

partners in governance and socio-economic development.[157] The Act also introduces principles of transparency, accountability, self-regulation, and state cooperation.[158]

The comparative study of these two statutes is significant because both Zambia and Kenya share similar socio-economic realities and common law legal traditions, yet they have adopted different approaches toward the governance of civil society organisations. Zambia continues to rely on the Societies Act, a framework that has its origins in colonial administrative regulation, whereas Kenya has undertaken legal reforms aimed at modernising the regulation of entities in line with constitutional values and international best practices.[159] This divergence raises important questions regarding the adequacy, effectiveness, and responsiveness of the existing legal frameworks governing non-profit and social enterprise activities.

This research therefore seeks to undertake a comparative analysis of the Societies Act of Zambia and the Public Benefit Organisations Act of Kenya. The study will examine the similarities and differences between the two statutes with respect to Definition, Legal recognition, registration procedures, Dispute Mechanisms, Financial Provisions and lastly, Winding-up and Dissolution. The research further aims to assess whether the Zambian legal framework adequately supports the growth and sustainability of social enterprises and civil society organisations when compared to the Kenyan framework.

4.2 Public Benefits Organisations Act of Kenya

4.2.1 Introduction to the Public Benefit Organisations Act

The Public Benefit Organisations Act of Kenya is a comprehensive statute enacted to regulate, recognise, and facilitate the operations of public benefit organisations within Kenya. The Act was enacted in 2013 to replace the earlier Non-Governmental Organisations Coordination Act of 1990, which was widely criticized for being overly restrictive and inadequate in addressing the evolving role of civil society organisations.[160] The Kenyan Act therefore reflects a shift towards a more progressive and enabling legal framework for public interest organisations.

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[157] Section 4 of the PBOA.
[158] Sections 5 – 7 of the PBOA.
[159] International Centre for Not-for-Profit Law, *The Legal Framework for Civil Society Organisations in East and Southern Africa* (ICNL 2020) 18.
[160] Section 70 of the PBOA.

4.2.2 Objectives and Purpose of the Act

The preamble of the Act expressly acknowledges the important role played by public benefit organisations in promoting democracy, good governance, accountability, social cohesion, and development within society.[161] It further recognises that such organisations contribute significantly to public service delivery and national development alongside the government and private sector.[162]

Under section 3 of the Act, the objectives and purposes of the legislation include creating a conducive environment for the growth of public benefit organisations, promoting transparency and accountability, protecting the freedoms of association and assembly, encouraging self-regulation, and facilitating cooperation between government and public benefit organisations.[163] The Act therefore balances state oversight with the protection of constitutional freedoms and organisational autonomy.

4.3 Comparative Analysis of the Societies Act and the Public Benefits Organisations Act

4.3.1 Defining the term "Social Enterprise"

Definitions within legislation are important because they determine the scope, application, interpretation, and legal effect of a statute. In the regulation of social businesses and public benefit entities, definitions establish which entities fall within the jurisdiction of the law and the obligations such entities must comply with. The SA of Zambia and the PBOA adopt different definitional approaches, reflecting the differing philosophies and objectives underlying each statute.

Under section 2 of the SA of Zambia, a "society" is broadly defined to include "any club, company, partnership or association of ten or more persons, whatever its nature or object."[164] This definition is extremely wide and captures a broad range of organisations regardless of whether they are charitable, religious, political, cultural, or community-based in nature. The breadth of this definition demonstrates the intention of the Zambian legislature to place almost all organized

[161] Preamble of the PBOA.
[162] Ibid.
[163] Section 3 of the PBOA.
[164] Section 2 of the SA.

associations under state regulation and supervision. The Act further creates a presumption that any association consisting of ten or more persons constitutes a society unless the contrary is proved.[165]

The wide definition adopted by the Zambian Act has both advantages and disadvantages. On one hand, it promotes inclusivity by ensuring that organisations operating within Zambia are subjected to a common regulatory framework. This may enhance government oversight, accountability, and public order. On the other hand, the broad definition may be criticised for being overly expansive and capable of subjecting informal or harmless associations to excessive regulation. The inclusion of virtually every association of persons within the meaning of a society grants extensive discretionary powers to the Registrar and the Minister in determining the legality and continued existence of organisations.[166] This may raise concerns regarding the potential limitation of freedom of association and civic participation.

In contrast, the PBOA adopts a narrower and more purposive definition. Section 5 of the Act defines a public benefit organisation as a voluntary grouping of individuals or organisations which is autonomous, non-partisan, non-profit making, and organised locally, nationally, or internationally for public benefit purposes.[167] The Act specifically identifies public benefit activities such as poverty eradication, environmental protection, health promotion, education, social welfare, and human rights advocacy.[168] Unlike the Zambian definition, the Kenyan definition is not merely based on the number of persons forming an association but rather on the nature, objectives, and public benefit purpose of the organisation.

A critical distinction between the two statutes lies in their conceptual orientation. The SA of Zambia treats associations primarily as entities requiring regulation and supervision for purposes of maintaining peace, order, and good governance.[169] This is evident from provisions empowering the Minister to declare societies unlawful where they are deemed prejudicial to public order.[170] Consequently, the definitions under the Act are framed broadly to maximize state control and administrative oversight.

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[165] Section 26 (a) of the SA.
[166] Sections 13 and 23 of the SA.
[167] Section 5 (1) of the PBOA.
[168] First Schedule of the PBOA.
[169] Section 23 (2) of the SA.
[170] Section 13 (1) of the SA.

By comparison, the Kenyan Public Benefit Organisations Act conceptualizes public benefit organisations as partners in governance and development. The definition itself reflects constitutional values such as participation, accountability, and freedom of association. Rather than focusing on control, the Kenyan legislation seeks to create an enabling environment for organisations engaged in developmental and charitable activities.[171] This demonstrates a significant shift from traditional colonial-era regulation towards modern governance principles grounded in human rights and democratic participation.

4.3.2 Legal Recognition and Legal Personality

A key difference between the Zambian and Kenyan legal frameworks is how they treat the legal status and recognition of organisations after registration. This distinction is important because it determines the level of autonomy and operational capacity that organisations are granted under each framework.

Under the Zambian framework, the legal status of societies is primarily regulatory rather than constitutive of legal personality. The SA provides for the registration and control of societies, but it does not expressly confer separate legal personality upon a society merely by virtue of registration. In practical terms, this means that a registered society is recognised as lawful and permitted to operate within the regulatory framework established by the Registrar of Societies, but it does not automatically acquire the full attributes of a juristic person capable of independently owning property, suing, or being sued in its own name. Instead, such capacities are often exercised through trustees or office bearers acting on behalf of the society. This limits the degree of institutional independence and may create practical challenges in enforcement of rights and obligations.[172]

The Kenyan legal framework adopts a more enabling and development-oriented approach. The Act expressly provides that upon registration, a public benefit organisation acquires corporate status. This legal personality enables the organisation to act as a separate legal entity distinct from its members and founders. Consequently, a registered public benefit organisation in Kenya is capable of suing and being sued in its own name, owning and disposing of property, and entering

[171] Section 3 of the PBOA.
[172] Sections 10 and 15 of the SA.

into legally binding contracts independently. This conferral of corporate status significantly enhances institutional autonomy, operational efficiency, and legal certainty in transactions involving third parties.[173] This strengthens the institutional autonomy and operational independence of social enterprises in Kenya.

From a comparative perspective, the Kenyan model provides a more progressive legal framework for social enterprises because it strengthens the independence of organisations from the moment of registration. By granting public benefit organisations full legal personality, the Kenyan system allows them to operate as distinct legal entities that are separate from their founders and office bearers. This means they can own property in their own name, enter into contracts, and enforce their rights directly in court without relying on individuals acting on their behalf. This reduces administrative complications and improves efficiency in day-to-day operations.

4.3.3 Registration Procedures

The registration process under both the Zambian Societies Act and PBOA serves as the legal gateway through which organisations acquire recognition and legitimacy. However, the two statutes adopt different approaches to registration, reflecting broader differences in their regulatory regimes.

Under the Zambian Societies Act, every society is required to apply for registration within twenty-eight days of its formation.[174] Registration is administered by the Registrar of Societies, an office operating under the supervision of the Minister responsible for Home Affairs.[175] While registration is mandatory, the Act grants the Registrar broad discretionary powers to approve or reject applications. The legislation provides limited guidance on the exercise of this discretion and does not establish comprehensive procedural safeguards to protect applicants from arbitrary administrative decisions.

A critical weakness of the Zambian framework is the broad discretion afforded to the Registrar without corresponding statutory safeguards to guide the exercise of that discretion. Although the Act empowers the Registrar to approve or refuse applications, it does not establish sufficiently

[173] Section 10 (3) of the PBOA.
[174] Section 6 of the SA.
[175] Sections 3 and 4 of the SA.

detailed and objective criteria against which applications must be assessed. This creates uncertainty for applicants, as they may find it difficult to predict whether their applications satisfy the requirements for registration.

On the other hand, the PBOA establishes a more transparent and structured registration regime. Applications are submitted to the Public Benefit Organisations Regulatory Authority, an independent statutory body specifically established to regulate the sector.[176] The Authority is required to determine applications within sixty days and, where additional information is required, applicants must be notified and afforded an opportunity to remedy any deficiencies.[177] Furthermore, where registration is refused, the Authority is obliged to provide written reasons for its decision.[178]

The importance of these procedural safeguards goes beyond improving administrative efficiency. By requiring the Authority to provide reasons for refusing registration and allowing applicants an opportunity to correct deficiencies in their applications, the Kenyan Act promotes fairness and transparency in decision-making. These measures help ensure that registration decisions are made in an accountable and consistent manner. In addition, the statutory timelines provide certainty to applicants and reduce unnecessary delays that could prevent organisations from exercising their right to freedom of association.

Another important feature of the Kenyan framework is the establishment of a specialised regulatory authority that operates independently from ordinary government ministries.[179] This arrangement helps to ensure that registration decisions are made in a more professional, consistent and accountable manner. In contrast, the Zambian system relies on the Registrar of Societies, who operates under ministerial supervision.[180] As a result, registration and regulatory decisions remain largely within the executive structure, which may reduce institutional independence and limit confidence in the objectivity of the registration process.

4.3.4 Appeals and Dispute Resolution Mechanisms

[176] Sections 8 and 9 of the PBOA
[177] Ibid section 9(2).
[178] Ibid sections 16 and 17.
[179] Ibid Section 34 of the PBOA.
[180] Sections 3, 13 and 23 of the SA.

Access to independent review mechanisms is critical for protecting organisational rights.

Under the SA, appeals against refusal of registration or cancellation are made directly to the Minister.[181] This arrangement raises concerns regarding impartiality because the Minister forms part of the executive branch responsible for administering the Act.

The Kenyan legislation provides a more robust system. Aggrieved applicants may seek review by the Authority and subsequently appeal to the Public Benefit Organisations Tribunal.[182] The Tribunal functions as an independent adjudicatory body with jurisdiction to determine disputes arising under the Act.[183]

The establishment of an independent Tribunal enhances procedural fairness and strengthens protection against arbitrary administrative decisions.

4.3.5 Financial Provisions

The financial provisions under the SA, are not set out in a single structured part of the Act but are instead scattered across the Act and its subsidiary legislation. The main requirement is that registered societies must keep basic books of account showing money received and spent, as provided under Rule 3(1) of the Societies Rules.[184] However, the Act does not prescribe detailed accounting standards, audit requirements, or uniform reporting formats, leaving much of the financial management to the discretion of the society and the Registrar.

The Act also provides only limited financial oversight mechanisms. Under the same Act[185] authorised officers may require societies to submit audited accounts[186], they may request financial information and other returns. However, these powers are discretionary and only exercised when necessary. In addition, although societies must submit annual returns[187], these returns do not include financial statements, which further limits routine financial disclosure obligations.

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[181] Section 26 of the SA.
[182] Section 17 of the PBOA.
[183] Sections 50 to 55 of the PBOA.
[184] Rule 3(1) of the Societies Rules.
[185] Section 20 of the SA.
[186] Section 19(1)(c) of the SA.
[187] Rule 16 of the SA.

Furthermore, the Zambia Act does not establish a structured financial governance system for the Registrar of Societies. The Registrar operates as part of the public service and is funded through general government revenue, with no specific provisions in the Act on budgeting, annual financial estimates, or auditing of the office. This creates a gap in formal financial accountability within the regulatory framework.

In contrast, the PBOA, provides a clear and well-structured financial system. It sets out funding arrangements for the Regulatory Authority[188] defines a fixed financial year[189], and requires the preparation and approval of annual estimates.[190] It also provides for proper accounting and independent auditing of the Authority's accounts, with submission to the Auditor-General.[2] At the organisational level, require PBOs to keep proper books of account, prepare audited financial statements, and submit annual reports within a set period, ensuring regular and transparent financial reporting.[191]

4.3.6 Winding-up and Dissolution

The Zambian Act, does not provide a clear or structured framework for the voluntary dissolution of a registered social enterprise. It is largely silent on how an organisation may wind up its affairs, distribute assets, or formally notify the Registrar when it ceases to operate. The only clear dissolution mechanism is involuntary, where the Minister may declare a society unlawful and appoint an officer to wind up its affairs[192], including the handling of remaining assets. Even then, the Act does not require that surplus assets be transferred to organisations with similar objectives, and cancellation of registration[193] is mainly a discretionary administrative action rather than a formal dissolution process.

On the other hand, the Kenyan Act, provides a detailed and structured system for dissolution. It allows for voluntary dissolution through a formal resolution[194], supported by clear requirements such as member approval thresholds, submission of audited accounts, and notification to the

[188] Section 67 of PBOA.
[189] Section 57 of the PBOA.
[190] Section 58 of the PBOA.
[191] Section 29 to 31 of the PBOA
[192] Section 28 of the SA.
[193] Section 13(2)(d) of the SA.
[194] Section 61 of the PBOA.

Authority. It also regulates involuntary dissolution and ensures that the process is properly documented and supervised. A key feature is the asset distribution rule[195] which requires remaining assets to be transferred to another public benefit organisation with similar objectives, ensuring that assets continue to serve public benefit purposes.

In summary, the Kenyan Act provides a more complete and transparent framework that governs both the process and consequences of dissolution, while also protecting accountability and public interest through structured procedures and an asset-lock system. The Zambian Act, on the other hand, lacks a formal voluntary dissolution process and provides limited safeguards for the management and disposal of assets upon winding up. This creates a gap in regulatory clarity and accountability, particularly in comparison to the more developed Kenyan approach regarding social entities.

4.4 Conclusion

In conclusion, when viewed in the context of social enterprises, the comparative analysis shows that Kenya's Public Benefit Organisations Act offers a more supportive legal environment for organisations that pursue both social impact and sustainable operations. Its recognition of legal personality, clearer governance structures, and supportive regulatory mechanisms make it easier for social enterprises to operate, attract partnerships, and scale their impact effectively.

By contrast, Zambia's Societies Act is more suited to traditional membership-based associations and provides limited flexibility for hybrid organisations such as social enterprises. This creates challenges in areas such as legal recognition, operational autonomy, and growth potential. Accordingly, there is room for legal reform in Zambia to better accommodate social enterprises by introducing clearer recognition and a more enabling regulatory framework that supports innovation and sustainable social impact.

[195] Section 61(4) of the PBOA.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This final chapter presents the conclusions and recommendations arising from the analysis conducted in the preceding chapters. It consolidates the insights gained throughout the study and provides policy-oriented, practical, and legal reform proposals aimed at improving the regulation of social enterprises in Zambia. The chapter restates the research problem and objectives, summarises the major findings, and provides conclusions and recommendations informed by the comparative analysis of the Societies Act of Zambia and the Public Benefits Organisation Act of Kenya.

5.2 Summary of Chapters

Chapter One introduced the research by outlining the background, significance, and regulatory challenges faced by social enterprises under Zambia's legal framework. Chapter Two examined the historical and legal development of social enterprises, with emphasis on the Societies Act of Zambia. Chapter Three assessed the adequacy of the Societies Act in regulating social enterprises and identified key legal and structural limitations. Chapter Four provided a comparative analysis between Zambia's Societies Act and Kenya's Public Benefits Organisation Act, highlighting key lessons and best practices. This final chapter presents the conclusions, recommendations, and areas for future research.

5.3 Conclusions

This section presents the research objectives alongside their corresponding findings, demonstrating the extent to which the study achieved its stated aims. The objectives are addressed in turn, each followed by a discussion of the findings that emerged in relation to the relevant research questions.

5.3.1 Regulatory Framework Governing Social Enterprises in Zambia

The first objective of the study was to identify and analyse the regulatory framework pertaining to social enterprises in Zambia. The corresponding research question asked: what is the current regulatory framework governing social enterprises in Zambia?

The research found that the regulatory framework governing social enterprises in Zambia is primarily anchored in the Societies Act, Chapter 119 of the Laws of Zambia. The Act provides for the registration and regulation of societies, which are broadly defined to include any club, company, partnership, or association of ten or more persons formed for a common purpose. However, it does not explicitly recognise social enterprises as a distinct legal category. Instead, such entities are generally registered as societies, a form designed primarily for non-profit and voluntary associations. Where social enterprises seek to engage in profit-generating activities or require the attributes of a corporate entity, they may alternatively be incorporated under the Companies Act. This creates a fragmented regulatory environment in which no single statute adequately captures the hybrid nature of social enterprises.

The study established that the existing framework lacks specific provisions tailored to the hybrid nature of social enterprises, particularly in relation to income-generating activities, governance structures, accountability mechanisms, and the reinvestment of commercial surpluses into social objectives. This creates legal uncertainty and limits the ability of social enterprises to clearly distinguish themselves, access appropriate financing, and operate with the institutional clarity necessary for long-term sustainability. The absence of a dedicated regulatory framework therefore constitutes a foundational gap that constrains the development of social entrepreneurship in Zambia.

5.3.2 Adequacy of the Societies Act in Regulating Social Enterprises

The second objective was to examine the adequacy of the Societies Act in regulating social enterprises in Zambia. The research question asked: what is the adequacy of the Societies Act in regulating social enterprises in Zambia?

The study revealed that the Societies Act is only partially adequate in addressing the needs of social enterprises. While it provides a basic framework for the registration and operation of societies, it does not offer a distinct legal identity or enabling provisions that reflect the dual social and economic objectives of social enterprises. In particular, the Act does not confer separate legal personality upon registered societies, thereby limiting their capacity to own property, enter into contracts, or litigate in their own name. This absence of legal personality creates practical difficulties for social enterprises that seek to operate autonomously and attract investment.

In addition to the above, the Act does not regulate commercial activities by societies, provide for profit reinvestment obligations, or establish asset protection mechanisms such as asset locks. The absence of provisions relating to governance safeguards, social impact reporting, and accountability mechanisms further limits its effectiveness. These gaps collectively affect the legitimacy, sustainability, and operational flexibility of social enterprises registered under the Act. The study therefore concluded that the Societies Act is inadequate in addressing the legal and structural requirements of social enterprises and that its compliance-oriented framework imposes unnecessary burdens without providing the enabling conditions that social enterprises require to thrive.

5.3.3 Comparative Analysis of the Legal Frameworks of Zambia and Kenya

The third objective was to compare the social enterprise legal frameworks of Zambia and Kenya. The corresponding research question asked: how do the legal frameworks for social enterprises in Zambia and Kenya compare?

The comparative analysis demonstrated that Kenya has developed a more comprehensive and enabling legal framework through its Public Benefits Organisation Act. Unlike Zambia's Societies Act, which is rooted in administrative control, Kenya's legislation adopts a rights-based and developmental approach that recognises public benefit organisations as important partners in national governance and socio-economic development. The Act expressly confers legal personality upon registration, enabling organisations to act as distinct legal entities independent of their members and founders. This significantly enhances institutional autonomy, operational efficiency, and legal certainty in transactions involving third parties.

The Kenyan framework also establishes a specialised independent regulatory authority with structured registration timelines, written reasons for refusals, and an independent tribunal for dispute resolution. These procedural safeguards stand in contrast to the broad ministerial discretion afforded under Zambia's Societies Act. Additionally, Kenya's Act provides clear financial governance provisions, mandatory accountability mechanisms, and asset distribution rules upon dissolution, ensuring that organisational resources continue to serve public benefit purposes. Overall, the comparative analysis revealed that whereas Zambia's framework prioritises administrative control, Kenya's model is facilitative and growth-oriented, offering valuable lessons for legal reform in Zambia.

5.3.4 Legislative Reforms to Foster Social Entrepreneurship in Zambia

The fourth and final objective was to offer actionable legislative reforms aimed at fostering an enabling environment for social entrepreneurship in Zambia. The corresponding research question asked: what legislative reforms can be proposed to foster an enabling environment for social entrepreneurship in Zambia?

The study identified the need for a suite of targeted legislative and policy reforms. These include the enactment of a dedicated Social Enterprises Act or an amendment to the Societies Act to formally recognise social enterprises as a distinct legal category, the express conferral of separate legal personality upon registration, and the introduction of mandatory profit reinvestment and asset protection provisions. The study further recommended the establishment of an independent regulatory authority with clear powers, structured timelines, and an independent appeals mechanism, as well as the introduction of minimum governance standards and social impact reporting obligations. Finally, the study proposed the development of a national social enterprise policy to coordinate support across government ministries and provide enabling conditions, including tax incentives and access to financing, that would allow the sector to grow and contribute more effectively to Zambia's socio-economic development.

5.3.5 Overall conclusions

The Societies Act of Zambia, while comprehensive in its governance of traditional voluntary associations, falls short in acknowledging and supporting the unique model of social enterprises. It does not adequately accommodate the hybrid nature of such organisations, particularly in relation to their social mission and income-generating activities. Without legislative reform, social enterprises in Zambia will continue to face challenges relating to legal recognition, operational clarity, and sustainability. The comparative insights drawn from Kenya's Public Benefits Organisation Act further highlights the necessity for Zambia to undertake targeted legal reforms to establish an enabling environment for social enterprises.

Overall, the study achieved all four objectives and provided clear answers to the research questions, laying a strong foundation for the recommendations and areas for future research set out in the subsequent sections of this chapter.

5.4 Limitations of the Study

This research identified several limitations that may have affected the scope and depth of its findings. One key limitation was the limited availability of specific legal provisions within the Zambian Societies Act directly addressing social enterprises. As a result, the study largely relied on interpreting general provisions applicable to societies, which may not fully capture the practical realities of social enterprises operating within Zambia.

Another limitation was that social entrepreneurship in Zambia remains a relatively emerging area. Consequently, there is a scarcity of specialised local literature, case law, and academic commentary by Zambian legal scholars on the subject. This limited the depth of locally grounded analysis and made it necessary to rely more heavily on general legal interpretation and comparative sources.

The study also relied primarily on doctrinal and document-based analysis. While this approach provided a strong legal foundation, it did not fully capture lived experiences of social enterprises. A more comprehensive understanding would have benefited from empirical methods such as interviews or case studies involving practitioners within the social enterprise sector.

In addition, the comparative component of the study, particularly with Kenya's Public Benefits Organisation Act, may be limited by contextual differences between the two jurisdictions. Differences in legal systems, policy environments, and socio-economic conditions may affect the direct transferability of certain findings or recommendations.

Lastly, the recommendations proposed in this study are largely informed by comparative legal models and best practices. While these provide useful guidance, they may require further adaptation to fully align with Zambia's unique legal, institutional, and socio-economic context.

5.5 Recommendations

Following the findings of this study, it is recommended that the Zambian legal framework—specifically the Societies Act—be reviewed and reformed to recognise and adequately support social enterprises. Drawing lessons from Kenya's Public Benefits Organisation Act, the following legal and policy reforms are proposed:

5.5.1 Enact a Dedicated Legal Framework for Social Enterprises

The most significant reform required in Zambia is the introduction of legislation that formally recognises social enterprises as a distinct legal entity. As demonstrated in this study, neither the Societies Act nor any other existing legislation expressly defines or regulates social enterprises in its true form, creating uncertainty regarding their legal status, governance, and operational framework. Kenya's Public Benefits Organisations Act on the other hand, provides a clear legal framework that recognises organisations pursuing public benefit objectives.

To address this gap, Zambia should enact a Social Enterprises Act or amend the Societies Act to include provisions specifically regulating social enterprises. Such legislation should define social enterprises as organisations that pursue social, environmental, or community objectives while generating income through commercial activities. It should further establish eligibility requirements, legal characteristics, and regulatory obligations, thereby providing greater legal certainty and supporting the sustainable growth of the sector.

5.5.2 Confer Separate Legal Personality upon Registered Social Enterprises

A key reform for Zambia's social enterprise sector is the express conferral of separate legal personality upon registration. As established in this study, the Societies Act does not grant registered societies independent legal status, limiting their ability to own property, enter, or litigate in their own name. Drawing from the Kenyan model, which grants registered public benefit organisations corporate status, Zambia should ensure that registered social enterprises become distinct legal entities. This would enhance their operational capacity, improve access to funding and investment, provide clarity on liability, and promote organisational continuity and long-term sustainability.

5.5.3 Introduce Mandatory Profit Reinvestment and Asset Protection Provisions

Another essential reform is the introduction of mandatory profit reinvestment and asset protection provisions for social enterprises. As identified in this study, the Societies Act does not regulate the use of commercial surpluses or protect organisational assets from private distribution. Drawing from the United Kingdom's Community Interest Company model and Kenya's approach to asset preservation upon dissolution, Zambia should require social enterprises to reinvest a defined portion of their profits into their social mission and adopt asset lock mechanisms to safeguard resources for public benefit purposes. The legislation should also require that any remaining assets

upon dissolution be transferred to major shareholders, to also be reinvested in similar public benefit businesses, strengthening accountability, and enhancing public confidence in the sector.

5.5.4 Establish a Dedicated and Independent Regulatory Authority

The current framework under the Societies Act concentrates extensive discretionary authority in the Registrar of Societies and the Minister responsible for Home Affairs, without sufficient institutional independence or procedural safeguards against arbitrary decision-making. As shown in this study, this creates governance concerns, particularly when compared to Kenya's Public Benefits Organisation Act, which establishes an independent regulatory authority responsible for registration, compliance, and enforcement, supported by structured timelines, written reasons for decisions, and oversight mechanisms. To address these shortcomings, Zambia should establish an independent Social Enterprises Regulatory Authority or assign oversight to an autonomous statutory body with a clear legislative mandate, insulated from ministerial control, and guided by transparent and objective criteria. The body should be required to process applications within defined statutory timeframes, provide reasons for refusals, allow applicants an opportunity to remedy deficiencies, and be complemented by an independent appeals mechanism such as a tribunal, in order to enhance accountability, reduce arbitrariness, and strengthen confidence in the regulatory framework.

5.5.5 Mandatory Governance Standards and Social Impact Reporting

Chapter Three identified the lack of governance standards and social impact reporting under the Societies Act as a major regulatory gap, as the Act does not require social enterprises to meet minimum governance requirements or report on their social outcomes, thereby limiting accountability and making it difficult to assess whether public benefit objectives are being achieved. In contrast, Kenya's framework imposes obligations such as audited financial statements, annual reporting, and proper record-keeping. To address this, Zambia's proposed framework should introduce minimum governance standards and require annual social impact reporting alongside financial statements, enhancing transparency, strengthening accountability to stakeholders, improving donor confidence, and enabling effective regulatory oversight.

5.5.6 Develop a National Social Enterprise Policy and Support Framework

The study identifies that beyond legal gaps, Zambia lacks a coordinated policy framework to support social enterprises, despite their contributions to poverty reduction, employment, and community development in sectors such as energy, health, and education. To address this, the Government should develop a National Social Enterprise Policy to guide recognition and support across relevant ministries, introduce incentives such as tax relief, procurement preferences, and grants, and promote multi-sector collaboration. Such a policy would complement legislative reforms and demonstrate a clear commitment to strengthening social entrepreneurship as a tool for national development.

5.6 Areas of Future Research

This study establishes a foundation for understanding the regulatory challenges facing social enterprises in Zambia but also reveals several areas requiring further academic inquiry. Future research should therefore expand on these findings to deepen both the doctrinal and practical understanding of how social enterprise law operates within the Zambian context.

First, there is a need for empirical research to examine how the legal gaps identified in this study affect the day-to-day operations of social enterprises. Since this study relied primarily on doctrinal analysis, future work should incorporate interviews, surveys, and case studies involving practitioners, NGOs, and legal professionals to capture lived experiences and provide evidence-based insights that can strengthen the case for reform.

Second, further comparative research should move beyond Kenya to include jurisdictions such as the United Kingdom, United States, South Africa, and Rwanda. Examining models like Community Interest Companies, Benefit Corporations, and other social enterprise frameworks would provide a broader range of regulatory approaches and assist in identifying the most suitable model for Zambia's legal and socio-economic context.

Third, future research should explore the relationship between social enterprise regulation, taxation, and investment frameworks in Zambia. In particular, it should assess how fiscal incentives such as tax reliefs, procurement preferences, and investment supports can be integrated into existing legal structures to promote sector growth and inform the development of a National Social Enterprise Policy.

5.7 Conclusion

This study has demonstrated that the Societies Act of Zambia does not adequately provide for the effective regulation and support of social enterprises. While it remains a foundational legal framework for the registration and governance of societies, it does not reflect the evolving nature of organisations that pursue both social impact and limited commercial activity. The absence of clear legal recognition, tailored governance structures, and accountability mechanisms has created significant constraints for social enterprises operating within Zambia.

The comparative analysis with Kenya's Public Benefits Organisation Act has shown that a more structured and enabling legal framework is both possible and necessary. The Kenyan model provides useful guidance on how legal recognition, regulatory oversight, and accountability mechanisms can be designed to support organisations operating for public benefit while maintaining transparency and public trust.

Accordingly, the study concludes that legislative reform of the Societies Act is necessary to create a more enabling environment for social enterprises in Zambia. Such reform would not only enhance legal certainty and operational efficiency but would also contribute to broader national development objectives by strengthening the role of social enterprises in addressing social and economic challenges.

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