

Thesis Title:

**Increasing The Capacity of the Cooperative
Development Authority for Sustainable Growth of
Cooperatives in The Philippines**

Submitted to the Graduate Faculty of the:



**REPUBLIC OF THE PHILIPPINES
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MASTER IN NATIONAL SECURITY ADMINISTRATION**

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Some of the Concepts defined and discussed:

National Security - a state or condition wherein people's welfare, well-being, ways of life, government and its institutions; territorial integrity; sovereignty; and core values are enhanced and protected (NSP 2017-2022).

Security – the state of being safe and free from conflict, poverty and inequity.

Cooperatives and National Security Concepts

The most likely resources of soft power are institutions, values, culture and policies. In international politics, the resources that produce soft power arise in large part from the values an organization or country expresses in culture, in the examples it sets by its internal practices and policies and in the way it handles its relation with others. These resources are sources of attractiveness.

The Philippines can promote its aspirations by having the cooperative movement in the country as one of its attractive tools.

For purposes of internal security, cooperatives are institutions with both ideological and socio-economic modalities that can provide better options for socio-economic empowerment, growth and inclusion, asset reform and poverty reduction.

Cooperatives: Contributors to the Peace Process and National Security

Although many cooperatives were organized to fight poverty and inequity in an atmosphere of relative peace, there are cooperatives that were organized in the conflict areas both to address the root causes of conflict as well as serve as an alternative organization and provide an alternative ideology for the people and deny the enemies of the State a foothold in the hearts and minds of the people.

Cooperatives as Potential Soft Power Contributors

As the Philippine cooperative movement celebrated its centennial last 2015, cooperative best practices and culturally weaved viable ideological option can now serve as one of the Philippines' potential sources of soft power that can influence other nations, primarily the ASEAN countries, for mutual benefit and further cooperation.

The Cooperative Development Authority (CDA): Designed to Work for the Sustainable Growth of Cooperatives

The role of CDA in national development and security hinges on its “hand-holding” of cooperatives which refers to the implementation by the CDA of its mandate. This bring to attention how functionally and technically capable the CDA is in implementing its mandate for sustainable growth of cooperatives.

Statement of the Problem

The weakness brought about by the challenges that negatively affect the implementation of its mandate for sustainable growth of cooperatives lays the predicate for looking into how the capacity of CDA would increase.

In this connection, the study aims to provide answers to the following research questions:

1. What is the strategic role of the CDA in developing cooperatives in the Philippines?
2. What are the challenges that call for the increase of the capacity of CDA?
3. How will the capacity of the CDA increase?
4. How will the increased capacity of CDA contribute to the sustainable growth of cooperatives in the Philippines?
5. What is a best course of action to increase the capacity of the CDA?

Objectives

The study seeks to attain the following objectives:

- a. To determine the strategic role of the CDA in developing cooperatives in the Philippines;
- b. To analyze the challenges that necessitate the increase of the capacity of the CDA;
- c. To analyze the manner by which the capacity of the CDA will increase.
- d. To determine the connection between the increased capacity of the CDA and the sustainable growth of cooperatives in the Philippines.
- e. To propose a best course of action to increase the capacity of the CDA.

Conceptual Framework

CONTEXT:

The Cooperative Movement in the Philippines, its Stakeholders and Present Enabling Policies

INDEPENDENT VARIABLE

INCREASED CAPACITY OF THE CDA :
THROUGH A BEST COURSE OF
ACTION TACKLING THE CHALLENGES
AND ISSUES AFFECTING ITS:

1. Policy and Normative Capacities
2. Knowledge Capacities
3. Partnering Capacities
4. Implementing Capacities



DEPENDENT VARIABLE

SUSTAINABLE GROWTH OF COOP-
ERATIVES IN THE PHILIPPINES:
Existence of substantial number of
duly registered cooperative enter-
prises that are compliant with reg-
ulatory requirements, functional
and with safe and sound opera-
tions that would contribute to the
increase in income and livelihood
of members, broaden citizens'
ownership in cooperatives, and
generate jobs.

Research Design

1. Qualitative research method
2. Positivist principles

Instruments and Methods of Research

Research instruments were utilized:

1. **Questionnaires**
2. **Document analysis**
3. **Key informant interview (KII)**
4. **Focus group discussion (FGD).**

ABSTRACT

The CDA has a strategic role for sustainable growth of cooperatives in the Philippines.

It is:

1. A Constitutionally mandated office.
2. The sole registering agency for cooperatives.
3. The lead government agency for cooperative promotion, development and regulation.
4. Clothed with a Rule-Making Authority under the leadership and governance of its Board of Administrators.
5. Among the anti-poverty agencies of the government.

The CDA is however confronted with challenges that call for the increase in its capacity to effect sustainable growth of cooperatives that revolve around gaps and issues relative to its functional capacity which affect its technical service areas, particularly cooperative registration, legal services, supervision and examination, research, information and training, and project development assistance, in terms of :

1. policy and normative capacities,
2. knowledge capacities,
3. partnering capacities, and
4. implementing capacities

Identified Courses of Action/Proposals and Recommendations to tackle the challenges and increase the capacity of the CDA:

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1. Non-legislative, and
 2. Legislative
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The implementation of a **best course of action via policy advocacy process** is finally proposed for sustainable growth of cooperatives, thus, contributing to the economic and social-cultural dimensions of the country's National Security.

EXCERPTS FROM THE POLICY BRIEF dated August 21, 2018

Re: Appropriate Courses of Action to Increase the Capacity of the Cooperative Development Authority for Sustainable Growth of Cooperatives

Executive Summary:

Analyzing the figures, considering the strategic role of the CDA, it fell short in successfully shepherding 50% of cooperatives, or a substantial portion of said number, in the path of sustained growth.

An increase in the capacity of CDA should have propelled it to accomplish more in hand-holding the cooperatives in the Philippines far more than what they have contributed today to the society and economy, in terms of **income, livelihood and employment generation and investments as of December 31, 2017 xxx.**

Approaches and Results:

1. The over-all current policy is good, but there is a pressing need to review all constitutional provisions, laws, executive orders, development plans and other related issuances to find out why despite these, the CDA experience capacity inadequacies and the compliance and functionality of cooperatives remain to be at the 50% level.

2. The dysfunction within the policy radiated also to the organizational and individual dimensions that it affected the organizational and societal ends of the mandate of the CDA which has important implications to its contribution to National Security.

3. Majority of the challenges of the CDA were however determined by external factors, or the **enabling environment**, such as:

- a. The official allocation of budget,
- b. The policy determination of its core structure and appointment of governing board, and
- c. The implementation of the whole-of-government principle by government agencies in connection with CDA and cooperatives.

Implications and Recommendations:

At the first instance, the increase in the capacity of the CDA for sustainable growth of cooperatives should be well grounded in the intent of the provisions of the 1987 Philippine Constitution.

Secondly, membership compose only of 10.30% of the population, and 20% of the registered voters. The task

of cooperative promotion and development is still gargantuan.

In this connection, as the constitutional mandate intends for the CDA to be invested with function and responsibility of developing cooperatives **as cooperatives**, i.e., **institutional development of cooperatives**. And the rest of the government structure, national and local, including government owned or controlled corporations shall be vested with the function and responsibility of developing the technologies needed by cooperatives in their operations (e.g., technical and/or technological software and hardware).

Recommendation for Implementation within the Immediate One-Year:

1. Review the constitutional provisions, laws, executive orders, other related policies and issuances. Identify the weak and the strong policies, including the relevant and irrelevant ones for the purpose of formulating relevant and realistic policy directions.
2. Undertake **organization development (OD) assessment** that would include its absorptive capacity, limited resources, number and competency of staff, knowledge management and organizational culture, structure, and needs, among others, before considering repeal of the Charter and reorganization. This should be coupled with **scenario planning** to orient the officials and personnel to realistically and strategically anticipate the future of the agency and its environment.

Recommendation for Implementation Within One Year and Beyond:

1. Utilize the Rule-Making Authority of CDA and regular administrative processes to pursue the implementation of plans and programs while breakthrough in legislative changes has not yet come. Capacitate personnel to improve competency in administrative, legal and technical processes.
2. Improve and intensify public dissemination and communication of CDA mandate, functions and programs, and cooperative concepts and practices.
3. Improve the reliability of data and information system, analytics, communication and research.
4. Continue to work for the increase in the budget and personnel of the agency utilizing the regular administrative process of the bureaucracy.
5. Optimize capacity of the CDA by stretching its limits and maximize its effect in consonance with its mandate through strategic partnership with NGAs, LGUs, NGOs and Cooperatives by a more focused utilization of the provisions of Executive Order No. 96, particularly the mechanisms of the NCCPD and on CDCs to galvanize support to CDA programs and activities, and Executive Order No. 95.

6. Recognize and strengthen partnership with private sector, academe and others that can extend help.

7. Focused and prudent mobilization of resources, and developmental and regulatory efforts towards institutional development, and safe and sound operation of cooperatives along the continuum of assisting in the growth of 6,571 micro cooperatives towards becoming small-sized, 3,269 small cooperatives towards becoming medium-sized, and 1,859 medium cooperatives towards large-sized. And find ways to bring back the 4,468 non-reporting cooperatives the mainstream reporting cooperatives.

Recommendations for Implementation Within the Immediate Three-Years Period:

Consider three (3) options factoring in the result of Organizational Development Assessment and Scenario Planning:

1. Amend some provisions of RA 6939 to put additional necessary and relevant functions and provisions without watering down all its existing functions and without re-organization.

2. Repeal RA 6939, reorganize, reform and strengthen the registration, developmental, regulatory and

monitoring functions of and provide adjudication powers for CDA. Retaining it under the Office of the President.

3. Repeal RA 6939 and enact a new law that will reorganize the CDA to a Line Department level, and enhancing and broadening its developmental and regulatory functions.

Immediate recommendation to tackle the issue of federalism:

Organize a technical working group (TWG), membership of which should come from the CDA and the Cooperative Sector, for the purpose of: 1) studying the implication of the provisions of the draft federal constitution to the CDA and cooperatives; 2) Based on the study, draft position papers for inclusion in the draft constitution, should there still be opportunity for it; 3) actively monitor developments and facilitate proper response.