



# COOPERATIVE DEVELOPMENT AUTHORITY

827 Aurora Blvd., Service Road, Brgy. Immaculate Conception, 1111 Cubao, Quezon City, Philippines  
http://www.cda.gov.ph helpdesk@cda.gov.ph CDA @CDAPHil PH Cooperatives



## MEMORANDUM CIRCULAR NO. 2019-08 Series of 2019

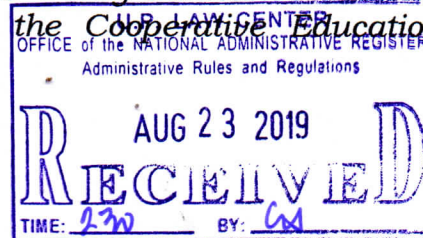
**TO : ALL CONCERNED**

**SUBJECT : POLICY GUIDELINES GOVERNING THE ALLOCATION, UTILIZATION AND REMITTANCE OF THE COOPERATIVE EDUCATION AND TRAINING FUND (CETF) OF THE COOPERATIVE**

Pursuant to Section 3 (l) of R.A. 6939, the Authority prescribes the following Guidelines governing the allocation, utilization and remittance of the Cooperative Education and Training Fund (CETF).

### Section 1. Title

This Guidelines shall be known as the *“Policy Guidelines Governing the Allocation, Utilization and Remittance of the Cooperative Education and Training Fund (CETF) of Cooperatives”*.



### Section 2. Legal Basis

Article 4 (5) of RA 9520

“Education, Training and Information - Cooperatives shall provide education and training for their members, elected and appointed representatives, managers, and employees, so that they can contribute effectively and efficiently to the development of their cooperatives.”

Article 86 (2), R.A. 9520:

“An amount for the education and training fund, shall not be more than ten per centum (10%) of the net surplus. The by-laws may provide that certain fees or a portion thereof be credited to such fund. The fund shall provide for the training, development and similar other cooperative activities geared towards the growth of the cooperative movement:

- (a) Half of the amounts transferred to the education and training fund annually under this sub-section shall be spent by the cooperative for education and training purposes; while the other half may be remitted to a union or federation chosen by

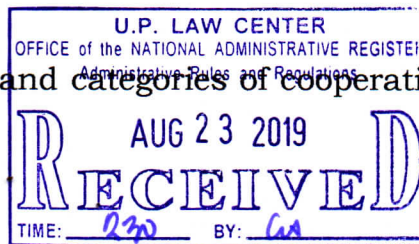


the cooperative or of which it is a member. The said union or federation shall submit to the Authority and to its contributing cooperatives the following schedules:

- (i) List of cooperatives which have remitted their respective Cooperative Education and Training Funds (CETF);
  - (ii) Business consultancy assistance to include the nature and cost; and
  - (iii) Other training activities undertaken specifying therein the nature, participants and cost of each activity.
- (b) Upon the dissolution of the cooperative, the unexpended balance of the education and training fund appertaining to the cooperative shall be credited to the cooperative education and training fund of the chosen union or federation.”

### Section 3. Coverage

This Guidelines shall apply to all types and categories of cooperatives registered with the Authority.



### Section 4. Definition of Terms

- a. *Affiliates* - refer to member-primary or secondary cooperatives remitting CETF to a Federation and/or Union;
- b. *CETF-Local* - refers to the fifty percent (50%) of the annual allocation for education and training fund intended to be spent by the cooperative for its own education and training purposes;
- c. *CETF Subsidy Payable* - refers to the account title used in recording receipts of CETF from affiliates/non-affiliates by a Federation;
- d. *CETF Subsidized Expense* - refers to the account title used in recording utilization/expenses of CETF by a Federation;
- e. *CETF Subsidy* - refers to the income account to offset CETF Subsidized Expenses;
- f. *Cooperative Education and Training Fund (CETF)* - refers to the fund allocated from the net surplus of the cooperative to be used for the training, development and similar other cooperative activities geared towards the growth of the cooperative movement;

- g. *Due to Federation or Union* – refers to the accumulated amount set aside to be credited to the Union/Federation where the cooperative is a member. This corresponds to the 50% of the total annual allocation for the Education and Training Fund;
- h. *Non-affiliates* – refer to non-member-primary or secondary cooperatives remitting CETF to a federation and/or union;
- i. *Program Fund-CETF* - refers to the account title used in recording receipts of CETF from affiliates/non-affiliates by a union;
- j. *Unexpended Balance* – refers to the excess portion of CETF after its utilization.

**Section 5. Allocation for the Cooperative Education and Training Fund (CETF)**

An amount for the education and training fund shall not be more than ten per centum (10%) of the net surplus, the percentage of which shall be fixed in the by-laws.

Half of the amount allocated to this fund annually shall be spent by the cooperative for its education and training program. Except for a tertiary cooperative, the other half may be remitted to a union or federation chosen by the cooperative or of which it is a member.

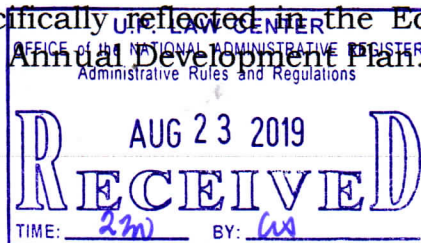
Cooperative Unions do not recognize net surplus, hence, they are not required to allocate for CETF.

**Section 6. Utilization of Cooperative Education and Training Fund (CETF) - Local**

The fund shall be used for the education, training, research, advocacy and other similar cooperative activities geared towards the growth of the cooperative members, officers and employees.

The approved Annual Development Plan of the cooperative shall include the education program/plan for its members, officers and employees. It shall allocate amounts to every activity including the mandatory training requirement for officers.

Every cooperative shall have a policy on the utilization of the fund and the allocation for its members, officers and employees. In no case shall the allocation of the fund for officers and staff be higher than the members. The amount allocated shall be specifically reflected in the Education Program and shall be incorporated in the Annual Development Plan.





CETF Subsidy Payable (Dr.)

XXX

CETF Subsidy (Cr.)

XXX

To offset expenses from the CETF Subsidy (Income account)

### **Section 8. Remittance of CETF**

The Cooperatives (primary or secondary) are mandated to remit half of the CETF to a secondary or tertiary federation or union, as the case may be, of which it is a member.

For a cooperative with multiple affiliations, it shall have the discretion to apportion the CETF to the federations or unions, as the case may be, where said cooperative is a member, as mutually agreed upon by them.

For a cooperative with no affiliation, it shall remit to any secondary or tertiary federation or union of its choice.

For a secondary union, it may share a portion of the CETF collection to tertiary union, provided the same is approved by the general assembly.

Remittance shall be made within sixty (60) days after the deadline of submission of the required reports to CDA, following the year of allocation.

### **Section 9. Utilization of the CETF by Secondary or Tertiary Federations or Unions collected from the affiliates/non-affiliates**

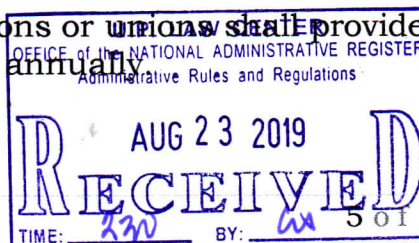
All secondary and tertiary federations and unions shall develop programs for the benefit of the whole cooperative movement. Said programs as well as the utilization of the CETF collected shall be included in the development plan.

For unions, the CETF shall be used to achieve its goals and purposes as stated in its Articles of Cooperation and Article 25 of R.A. 9520.

For federations, the CETF shall be used for education, training, research and advocacy which are related to the business undertakings of their members in order to enhance and strengthen their capabilities.

In no case shall the allocation of the fund for officers and staff be higher than the members. The amount allocated shall be specifically reflected in the Education Program and shall be incorporated in the Annual Development Plan.

The secondary or tertiary federations or unions shall provide report on the utilization of CETF to their affiliates annually.



## **Section 10. Prohibitions in the Utilization of CETF**

The following acts are prohibited:

- a. Creation or establishment of a foundation to manage or administer the CETF and to carry on the education, training, research and advocacy program of the cooperative;
- b. Management and administration of the CETF by existing foundations or organizations where the cooperative or any of its officers are directly or indirectly involved or connected with;
- c. Use for political purposes and activities;
- d. Undertaking of activities which are not included in the Education and Training Program and is not approved by the general assembly;
- e. Transfer or donation of the CETF of the Parent cooperative to its Subsidiary cooperative;
- f. Treating as share capital contribution a remitted CETF; and
- g. Other acts similar to the foregoing.

## **Section 11. Unexpended Balance of the CETF in case of Dissolution**

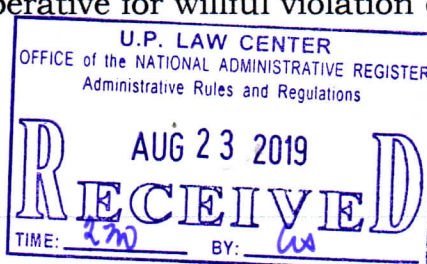
Upon the dissolution of the cooperative, the unexpended balance of the CETF-Local shall be credited to the cooperative education and training fund of the chosen union or federation.

The remaining amounts or balances in this fund, if any, cannot be included to the funds to be distributed to the members.

## **Section 12. Sanctions**

Any violation of the provisions of this Guidelines shall be subject to the following sanctions after due notice and hearing:

1. Non-issuance of the Certificate of Compliance (COC) for the immediately succeeding year;
2. Dissolution of the cooperative for willful violation of the lawful order of the Authority.



**Section 13. Transitory Provision**

All registered cooperatives with accumulated CETF as of December 31, 2018 intended for secondary or tertiary federations or unions shall comply with the provisions of this Guidelines, particularly on the remittance of the CETF, following the schedule below:

<b>Remaining balance of CETF</b>	<b>Period of Utilization</b>
Below 3,000,000	within three (3) years
Above 3,000,000 to 10,000,000	within five (5) years
Above 10,000,000	within ten (10) years

**Section 14. Separability Clause**

If any provision of this Guidelines is declared null and void or unconstitutional, the other provisions not affected thereby shall continue to be in force and effect.

**Section 15. Effectivity**

This Guidelines shall take effect upon the approval of the CDA Board of Administrators and fifteen (15) days after filing with the Office of National Administrative Register (ONAR).

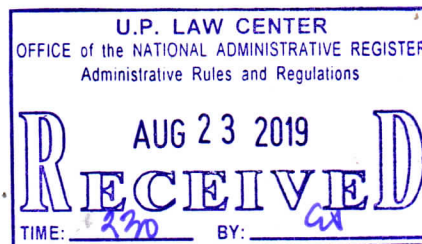
Approved by the Board of Administrators pursuant to Res. No. 317, S-2019 dated July 15, 2019.

For the Board of Administrators

By:

  
**ORLANDO R. RAVANERA**  
Chairman 

August 22, 2019





# COOPERATIVE DEVELOPMENT AUTHORITY

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## EXCERPTS FROM MINUTES OF REGULAR MEETING OF THE CDA BOARD OF ADMINISTRATORS HELD ON JULY 15, 2019 AT GLAN, SARANGANI PROVINCE

### PRESENT:

- |                             |                               |
|-----------------------------|-------------------------------|
| Hon. Orlando R. Ravanera    | - Chairman/Presiding Officer  |
| Hon. Paisal I. Cali         | - Administrator from Mindanao |
| Hon. Abdulsalam A. Guinomla | - Administrator from Mindanao |
| Hon. Abad L. Santos         | - Administrator from Luzon    |
| Hon. Myrla B. Paradillo     | - Administrator from Luzon    |

### ALSO PRESENT:

- |                    |                      |
|--------------------|----------------------|
| Mr. Ray R. Elevazo | - Executive Director |
|--------------------|----------------------|

### ABSENT:

- |                      |                              |
|----------------------|------------------------------|
| Hon. Benjie S. Oliva | - Administrator from Visayas |
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### RESOLUTION NO. 317, S-2019

Upon motion by Adm. Myrla B. Paradillo, duly seconded by Adm. Abad L. Santos, be it RESOLVED as it is hereby RESOLVED, to approve the Policy Guidelines Governing the Allocation, Utilization and Remittance of the Cooperative Education and Training Fund (CETF) of the Cooperative.

Resolved Further, to draft another Circular specifically for the distinction, identification of core services of Federations and Unions and clarifications on secondary cooperatives.

UNANIMOUSLY APPROVED.

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This is to certify that the foregoing is true and correct from the minutes of the CDA Board of Administrators' Regular Meeting.

ATTESTED:

  
**ORLANDO R. RAVANERA**  
Chairman/Presiding Officer

  
**JONAL A. DE LOS REYES**  
Acting Board Secretary

