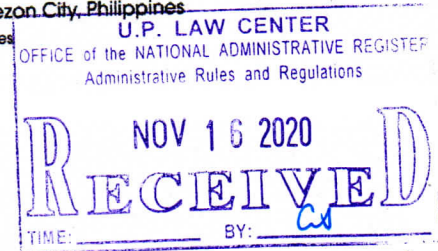




COOPERATIVE DEVELOPMENT AUTHORITY

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MEMORANDUM CIRCULAR NO. 2020-23 Series of 2020.

SUBJECT : GUIDELINES GOVERNING THE REGISTRATION AND OPERATION OF COOPERATIVE UNIONS

A cooperative union is a non-profit umbrella organization wherein all types of cooperatives converge for the promotion, development and progress of traditions of cooperatives in the country. It is the heart and soul of the cooperative movement, a structure which embodies and maintains the values, beliefs, principles, philosophy and spirit of cooperativism in the country.

Pursuant to Republic Act No. 11364, otherwise known as the "Cooperative Development Authority Charter of 2019", and Republic Act No. 9520 or the "Philippine Cooperative Code of 2008", the Authority hereby adopts and promulgates this Guidelines governing the registration and operation of cooperative unions.

Article I Title

This Memorandum Circular shall be known as the "Guidelines Governing the Registration and Operation of Cooperative Unions".

Article II Coverage and Scope

This Guidelines shall govern the registration and operation of cooperative unions provided for under Article 25 of Republic Act No. 9520 and all other issuances of the Authority.

This shall apply to all existing cooperative unions and those applying for registration as such with the Authority.

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Article III

Purpose

This Guidelines is issued to ensure that the registration, operation and practices of unions of cooperatives conform with the requirements provided for under RA No. 9520, RA No. 11364, their Implementing Rules and Regulations, and other relevant issuances of the Authority.

Article IV

Definition of Terms

As used in this Guidelines, the following terms shall be defined as:

- a. **Area of Operation** – shall refer to the area where the member-cooperatives come from as provided for in their articles of cooperation and by-laws.
- b. **Authority** – shall refer to the Cooperative Development Authority.
- c. **Federation of Cooperatives** –shall refer to a cooperative, the members of which are three (3) or more primary cooperatives engaged in the same line of business, organized at the municipal, provincial, city, special metropolitan political subdivision, or economic zones created by law and registered with the Authority, to undertake business activities in support of its members.
- d. **Fund Accounting** - is an accounting system used by non-profit organizations or by government agencies in order to manage their money or resources, the usage of which has been limited by the donor, granting authority, governing agency, individuals, organizations or by law. It emphasizes accountability rather than profitability.
- e. **Cooperative Union** – shall refer to a cooperative the members of which are registered cooperatives and/or federations organized purposely to represent the interest and welfare of all types of cooperatives at the city, provincial, regional, and national levels.
- f. **Primary Cooperative** –shall refer to a cooperative the members of which are natural persons.

- g. **Sectoral Union of Cooperatives** – shall refer to a cooperative union catering to the interest and welfare of a particular sector of registered cooperatives and/or federations at the city, provincial, regional, and national levels.

Article V

Organization and Registration of Cooperative Union

Section 1. Membership – The members of a cooperative union shall consist of primary cooperatives and/or federations of all types.

The minimum number of members in a cooperative union shall be ten (10).

Section 2. Organization of Cooperative Union. The cooperative union shall be organized according to the following territorial considerations:

- a. National - the members shall come from at least three or more regions in Luzon, Visayas and Mindanao
- b. Inter-regional – the members shall come from two (2) or more regions
- c. Regional – the members shall come from the majority of the provinces in the region
- d. Provincial – the members shall come from the majority of the cities/municipalities in the province. There shall only be one cooperative union in a province.
- e. City/Municipality – the members shall come from the city/municipality. There shall only be one cooperative union in a city/municipality.

Section 3. Sources of Funds – The sources of funds of a cooperative union shall be membership fees, dues and contributions, remitted CETF from members, donations/grants and subsidies from local and foreign sources, whether private or public.

Section 4. Bond Requirement – Accountable officers/employees of the proposed cooperative union shall be covered by surety bond, the amount of which shall depend primarily on the value of accountabilities which the officers/employees are handling as determined by the Board of Directors.

Section 5. Cooperative Name.

Cooperative unions organized at the city, province and region/s shall bear the name of the city, province and region represented by them.

Section 6. Documentary Requirements

For new cooperative unions, the following documents shall be submitted to the CDA in four (4) copies:

1. Development Plan which contains the following items:
 - 1.1. Organizational structure
 - 1.2. Purposes/Objectives
 - 1.3. Area of Operation
 - 1.4. Number of members and potential members
 - 1.5. Cooperative Programs and Services to members
2. Duly notarized Articles of Cooperation with signatures of all duly authorized representatives of members in every page;
3. By-Laws with signatures of all duly authorized representatives of members on the adoption page;
4. Duly notarized Treasurer's Affidavit stating the total amount received from members;
5. General Assembly Resolution of the member-cooperatives stating that the general assembly has approved their membership and the amount of dues to the cooperative union; and
6. BOD Resolution on authorized representative/s.

Section 7. Registration Jurisdiction.

A cooperative union shall be registered in the CDA Regional Office where its principal office is located..

Section 8. Validation Requirement

The Authority shall ensure that any proposed cooperative union applying for registration must comply first with the basic requirements for organization and registration by conducting the requisite validation procedure prescribed.

Section 9. Registration Fee – The registration fee to be paid by the proposed cooperative union shall be in the amounts prescribed below:

Category	Amount
National	Php 3,000.00
Inter-regional and regional	Php 2,000.00
Provincial, city/municipal	Php 1,000.00

An additional Legal Research Fee (LRF) in an amount equivalent to one percent (1%) of the fee imposed shall be collected, but in no case lower than Ten (10) pesos.

Section 10. Registration Process. The registration procedure shall be in accordance with the approved Citizens' Charter of the Authority.

Article VI

Purposes and Operation of a Cooperative Union

Section 1. Purposes of a Cooperative Union. A cooperative union may have the following purposes:

- a. To represent its member organizations;
- b. To acquire, analyze, and disseminate, economic, statistical, and other information relating to its members and to all types of cooperatives within its area of operation;
- c. To sponsor studies in the economic, legal, financial, social and other phases of cooperation, and publish the results thereof;
- d. To promote the knowledge of cooperative principles and practices;
- e. To develop the cooperative movement in their respective jurisdiction;
- f. To advise the appropriate authorities on all questions relating to cooperatives;
- g. To conduct mandatory trainings to cooperatives as an accredited training provider;
- h. To assist the national and local government units in development activities within their respective jurisdiction;

- i. To act as conciliator or mediator in cooperative disputes of their members;
- j. To assist in the dissemination and monitoring of the Philippine Cooperative Medium-Term Plan; and
- k. To assist members in the submission of required reports and other compliances to the Authority and other government and regulatory bodies; and
- l. To do and perform such other non-business activities as may be necessary to attain the foregoing objectives.

Section 2. Programs of Cooperative Unions

All cooperative unions shall develop and implement programs and activities contained in their annual/strategic development plans to attain their purposes and objectives.

The Cooperative Education and Training Fund (CETF), which is required to be remitted annually by the members, shall be used for the implementation of the above programs and activities. A memorandum of agreement shall likewise be entered into in relation to CETF remittances.

Section 3. Collection of Training Fees

As far as practicable, cooperative unions may collect registration fees to cover the cost of trainings.

Section 4. Accounting System

Cooperative Unions shall use Fund Accounting in the recording of transactions in their books of accounts and presentation of financial statements.

The utilization, accounting treatment and reportorial requirements relative to CETF shall be governed by CDA MC No. 2019-08 and any amendments thereto.

Article VII Prohibitions

Section 1. Prohibited Practices and Activities. The following practices and activities are prohibited:

- a. Engaging in any business activity;
- b. Treating the remitted CETF as income;
- c. Distribution of the fund balance to the members;
- d. Using any part of its fund for any purpose other than the purposes stated in the Articles of Cooperation; and
- e. Engaging in any activity which is contrary to law, morals, public, order or public policy.

Article VIII Miscellaneous

Section 1. Membership in the Regional Cluster Organization

A cooperative union can join only in the education and advocacy cluster in the region where its principal office is located.

In the case of a sectoral union, it may also join the cluster of the sector it represents.

Section 2. Assistance to the Authority

Upon written request of the Authority, cooperative unions may assist the Authority in the performance of its power of inspection/examination by way of providing relevant information, such as, but not limited to, research, reports and financial records necessary to the inspection and/or examination.

Section 3. Reportorial Requirements

Within one hundred twenty (120) days after the end of each fiscal year, the cooperative union shall submit the following:

1. Cooperative Annual Progress Report (CAPR) with the following attachments:

- a. Audited Financial Statements (AFS);
- b. List of Officers and Trainings Undertaken/Completed;
- c. Social Audit Report;
- d. Governance and Management Report;
- e. Semi-annual Reports on Mediation and Conciliation;
- f. List of affiliates and cooperatives which have remitted their respective CETFs;
- g. Business consultancy assistance rendered, specifying the nature and cost, including the use of CETF;
- h. Other training activities undertaken, specifying the nature, participants, and cost of each activity; and

2. Annual Tax Incentive Report.

Section 4. Settlement of Intra and Inter Cooperative Disputes.
Cooperative unions shall formulate policies and procedures for the amicable settlement of disputes between and among their members.

Article IX Sanctions

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

1. Non-issuance of the Certificate of Compliance (COC) for the immediately succeeding year;
2. Revocation/cancellation of the Certificate of Accreditation as Cooperative Training Provider, if applicable; and
3. Dissolution of the cooperative union.

Article X Separability Clause

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

Article XI Repealing Clause

All previous Circulars and/or Guidelines issued by the Authority which are inconsistent with this Guidelines are hereby repealed or modified accordingly.

Article XII Effectivity

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

Approved by the Board of Directors pursuant to Res. No. 318 dated October 28, 2020.

For the Board of Directors:

By:


ORLANDO R. RAVANERA

Chairman

/OC/23 