



Republic of the Philippines
OFFICE OF THE PRESIDENT

Department of Finance
COOPERATIVE DEVELOPMENT AUTHORITY

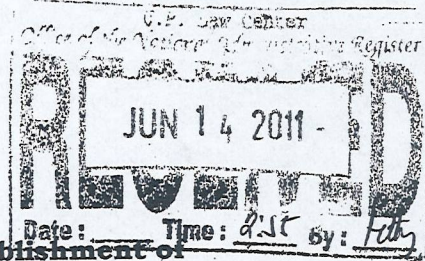
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Memorandum Circular No. 2011-17
Series of 2011

TO : All Concerned

SUBJECT : Policy and Guidelines on the Establishment of
Cooperative Branch

DATE : May 6, 2011



The Cooperative Development Authority (CDA), pursuant to the powers vested in it by Republic Act No. 6939 and RA 9520, hereby promulgate the following policy and guidelines on the establishment of cooperative branch.

Section 1. Legal Basis

Consistent with the State policy to promote the viability and growth of cooperatives as instruments of equity, social justice and economic development and the powers of the Authority to formulate, adopt and implement integrated and comprehensive plans and programs on cooperative development. (Sections 1 & 3(a) of RA6939)

Section 2. Purpose

This policy and guidelines provide for the orderly and systematic establishment and operation of cooperative branch and prescribing minimum requirements in the implementation thereof towards continuous growth in membership and expansion of business undertaking.

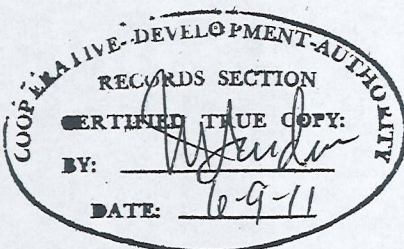
Section 3. Scope

All cooperatives intending to set-up a branch and those with existing branches shall be covered by this guideline **except** cooperative banks.

Section 4. Definitions

The following terms have been defined for purposes of interpreting the specific terminologies in these guidelines:

- a. Area of Operation – shall refer to the area where the cooperative members come from as provided for in their Articles of Cooperation and By-Laws.



- b. Area of Business Operation – shall refer to the principal place of business of a cooperative where the cooperative conducts its business as provided for in their Articles of Cooperation and By Laws.
- c. Authority – shall refer to the Cooperative Development Authority.
- d. Branch – shall refer to a business office outside the principal office with full cooperative activities and business operation.
- e. *Branch Office* - refers to a place where the branch operation takes place that provides necessary services to its members.
- f. *Certificate of Authority* – A document issued by the Authority authorizing the operation of a cooperative branch.
- g. *Cooperative* - shall refer to duly registered cooperative with the Authority.
- h. *Principal Office* - shall refer to the registered main office as indicated in the cooperative articles of cooperation.
- i. *Satellite Office* – shall refer to an office within the area of operation that provides limited service/business addressing the needs of members and complementing the activities of the principal office.

Section 5. **Elements of a Branch Operations** – The following shall be present in a cooperative branch separate from the principal office:

- 5.1. Office with signage
- 5.2. Operational Structure together with Manual of Operation
- 5.3. Management Staff
- 5.4. Operational plan and budget
- 5.5. Books of Accounts
- 5.6. Full business operation
- 5.7. Cooperative activities including but not limited to acceptance of application for membership, conduct of PMES, sectoral / district / chapter meeting
- 5.8. Display of the following:
 - 5.8.1 Certificate of Registration
 - 5.8.2 Certificate of Authority
 - 5.8.3 Business Plate/permit

Section 6. **Pre-qualification Requirements** – Prior to the Authority's approval, cooperatives may establish a branch subject to the following pre-qualification requirements, to wit:

6.1 Must have minimum paid-up capital , as follows:

- a. Primary Php 2 Million
- b. Secondary Php 5 Million
- c. Tertiary Php10 Million

6.2 Must have an available start up operating capital for each branch of at least:

- a. Primary Php 1 Million
- b. Secondary Php 3 Million
- c. Tertiary Php 5 Million

6.3 Must have track record of actual operational growth and viability and have not incurred net loss for the last three consecutive years. The cooperative **net worth** is progressive for the last three years from the date of application.

NET WORTH shall be computed, as follows:

NETWORTH = shall refer to Total Equity inclusive of Member's equity, donations / grants and reserve funds less unbooked allowances and probable losses, receivables and investment.

Section 7. **Documentary Requirements** –A letter request for authority to establish a cooperative branch shall be signed by the Chairman of the cooperative or General Manager as authorized by the Board and shall be accompanied by the following information/documents:

- 7.1 Business plan detailing the cooperative activities/products and services to be offered; and financial projections for the first three years of operations showing sustained viability. In the preparation of the business plan, due consideration shall be given to allocation of resources to the proposed branch.
- 7.2 Copy of general assembly resolution authorizing the establishment of the branch and commitment of investment or allocation of resources for its proposed site;
- 7.3 Organizational set up of the proposed branch showing the proposed staffing pattern which must be able to employ at least a core *team of manager, bookkeeper and staff* in the intended branch office to run the branch.
- 7.4 Certification signed by the Chairman/General Manager as to the following:

1. Presence of Manual of Operations for Branch; and
2. Exact location of the proposed branch

Section 8. **Processing fee** - the processing fee for the issuance of Certificate of Authority for each branch shall be as follows:

8.1	Primary	Ph	500.00
8.2	Secondary	Ph	2,000.00
8.3	Tertiary	Ph	3,000.00

Section 9. **Certificate of Authority** – No cooperative shall be allowed to operate a branch without the necessary Certificate of Authority to set-up a branch after compliance with the requirements enumerated in the succeeding section.

Section 10. **Jurisdiction** – For purposes of proper implementation of this Memorandum Circular, the authority to sign and issue shall be as follows:

APPROVING AUTHORITY	JURISDICTION
Extension Office Director	<p>Application for Certificate of Authority of primary and secondary cooperatives shall be approved by the Director of the Extension Office (EO) where the cooperative is registered.</p> <p>In case the branch to be established is outside the jurisdiction of EO where the cooperative is registered, the issuing EO shall send an official notice together with a copy of the Certificate of Authority to the extension office where the branch is to be established.</p>
Executive Director	<p>Application for Certificate of Authority of tertiary cooperatives shall be approved by the Executive Director.</p> <p>The Executive Director shall send official notice together with a copy of the certificate of authority to the concerned extension office where the branch is to be established.</p>

Section 11. **Relocation / Transfer of Branch of Cooperatives.** Cooperatives may be authorized by the CDA to relocate/transfer branch subject to the following conditions:

- a. The new location shall be within the registered area of operation as indicated in the articles of cooperation otherwise the proponent shall secure amendment certificate of area of operation;
- b. Posting of notice of relocation/transfer three (3) months prior to scheduled relocation/transfer; and
- c. Notice to CDA of relocation/transfer of branch to a new location three (3) months before the actual transfer.

Section 12. **Branch Monitoring** – The EO where the branch is located is authorized to conduct validation of the elements required for a branch operation. This will allow the EO to obtain cooperative information necessary in reporting cooperative operation regarding local concern. The cooperative branch directly reports its operation to its principal office since a branch is merely an extension of cooperative business. The complete report including branch operations is the responsibility of the principal office of the cooperative which is within the jurisdiction of the EO where it is registered.

Section 13. **Reportorial Requirements** – The reports of branch office is submitted to its principal office which consolidates the whole operations of the cooperative and its branch/es.

Section 14. **Voluntary Closure of Cooperative Branch**

Voluntary closure of cooperative branch shall be subject to the following conditions:

- 1) Sending of Notice/Posting of Notice of Closure in conspicuous place of the branch office shall in order to inform members and creditors of the branch office to be closed at least three (3) months prior to the closure;
- 2) Sending of Notice of Closure of cooperative branch with reasons for such closure by registered mail to CDA Extension Office where the branch office to be closed at least three (3) months prior to the closure;
- 3) A certification signed by the branch office manager and noted by the Chairman of the cooperative informing the Authority of the closure and that the above requirements have been complied with, which shall be submitted at least ten (10) working days after the date of closure. The certification shall be accompanied by a certified true copy of the resolution of the cooperative's board of directors authorizing the closure.

Section 15. **Sanctions**

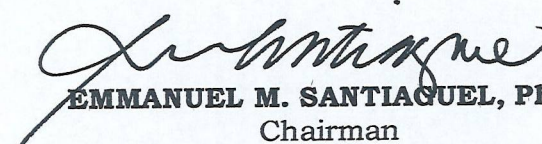
- 1) Any violation of these guidelines shall be a ground for the cancellation of the certificate of authority and closure of any branch established hereunder without prejudice to the imposition of the applicable administrative sanctions under RA9520.
- 2) If any part of the certification submitted by the cooperative as required in the above Sections is found to be false, the following sanctions shall be imposed:
 - a. *On the cooperative.* Non-issuance of Certificate of Good Standing (CGS) for one (1) year.
 - b. *On the certifying officer.* A fine of P 10,000 if certification was found to be false and/or in fraud.

Section 16. **Effectivity.** This Circular shall take effect fifteen (15) days following the approval of the Board of Administrators and the filing of copy hereof to the Office of Administrative Register (ONAR).

Approved pursuant to BOA Resolution No. 131, S-2011 dated May 6, 2011.

For the Board of Administrators

By:


EMMANUEL M. SANTIAGUEL, Ph.D
Chairman