



Memorandum Circular No. 2011-24  
Series of 2011

SUBJECT : **POLICY GUIDELINES FOR WORKERS  
COOPERATIVES**

DATE : December 9, 2011

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Pursuant to the powers vested by Republic Act No. 6939, the World Declaration on Workers Cooperative by the International Cooperative Alliance (ICA), and the International Labour Organizations (ILO) Recommendations 193/2002, the Cooperative Development Authority in consultation with Workers Cooperative sector; hereby promulgates the following guidelines for Workers Cooperatives.

Section 1. **Title.** These guidelines shall be known as "Policy Guidelines for Workers Cooperatives".

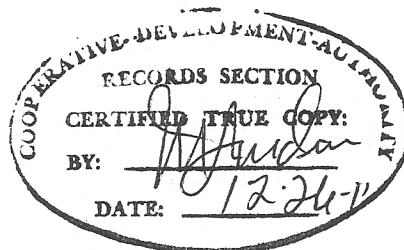
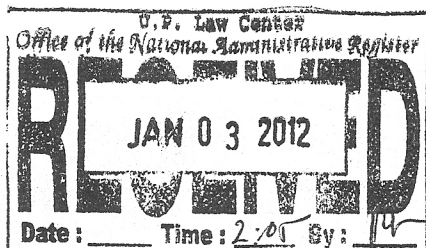
Section 2. **Policy.** It is the declared policy of the State to foster the creation and growth of cooperatives as practical vehicle for promoting self-reliance and harnessing people power towards the attainment of economic development and social justice.

Section 3. **Purpose.** These guidelines shall govern the orderly operation of workers cooperatives in compliance with the requirements as provided under RA 9520, its Implementing Rules and Regulations, relevant administrative issuances by the Cooperative Development Authority (CDA), and Department Order No. 18-A Series of 2011 and any related issuances issued by the Department of Labor and Employment (DOLE).

Section 4. **Coverage.** These guidelines shall specifically cover all workers cooperatives duly registered with the Authority under RA 9520.

Section 5. **Definition of Terms.** As used in these guidelines, the following terms shall be defined as:

- (a) Workers Cooperative - A cooperative owned and controlled by the workers themselves. It is organized by workers including self-employed,

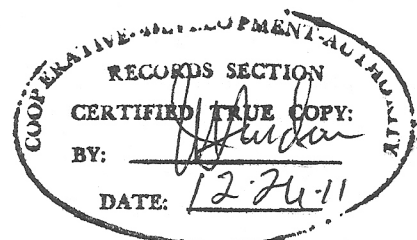
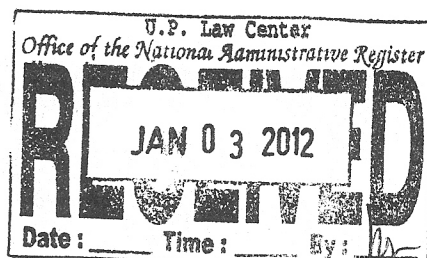


who are at the same time the members and owners of the enterprise. As understood herein, the term ownership shall mean actual contribution to the share capital of the cooperative up to the maximum allowed by law and the bylaws. All share capital shall be entitled to interest as may be declared from time to time. The term control shall mean the exercise of right to vote. As mandated by law, each regular member shall only have one vote regardless of the number of shares actually held. Its principal purpose is to provide jobs and business opportunities to its members and manage it in accordance with cooperative principles.

- (b) Member-owner – A member of a Workers' Cooperative. He works in the cooperative or is deployed as a worker in a company availing of the services offered by the cooperative. Worker ownership means work and management are carried out jointly, without the typical limitations of individual work, nor exclusively under the rules of conventional wage-based labor.
- (c) Self-employed worker – A self employed is a person who has his own occupational capacity put to productive use by applying his own capital raised by himself or together with other self employed persons pursuing related occupational interest. As a member of a Workers' Cooperative he is a worker-owner.
- (d) Employee – As contrasted against a self employed, an employee is a person whose occupational capacity is put to productive use by capital not his own or owned by a group pursuing the same or related interest. A self employed individual earns from his labor as well as from his own capital. An employee earns merely from his labor in terms of wages, paid for by the person providing the capital. An employee is under the continuous subordination to an employer who provides a compensation resulting exclusively from individual or collective negotiations.

Section 6. **Purposes and Objectives.** A Workers Cooperative shall be organized for any or all of the following purposes.

- (a) Job Creation – to create jobs for its members through the establishment of owned and managed business enterprises;
- (b) Income Enhancement – to provide education and training for the worker-owner in order to increase their productivity and incomes and other business opportunities to increase family income;
- (c) Economic Sustainability – to expand its cooperative's businesses and provide jobs which are continuous and stable;



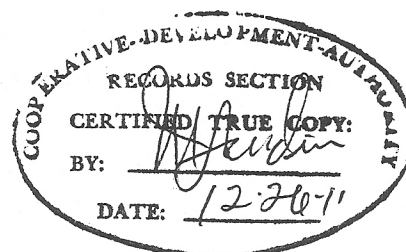
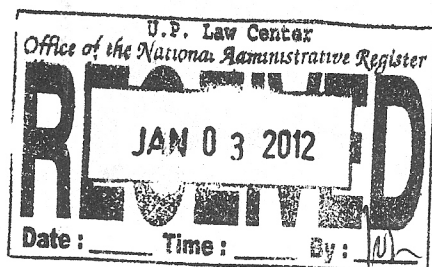
(d) Integral Human Development – to create holistic programs for the continuous improvement of the worker-owners quality of life; and

(e) Social and Cultural Development – to undertake social and cultural activities for the socio-economic enrichment of the communities in the areas of operations of the cooperative.

Section 7. **Business Operation.** A workers cooperative may engage in any legitimate businesses, such as but not limited to manufacturing, production, retail and distribution, tourism services, agri-business, telecommunications and transportation services, construction, financial services, hospital, educational institutions, hotels, restaurants, job contracting, business processing, and outsourcing.

Section 8. **Administrative Regulations.** Subject to the provision of RA 9520, its Implementing Rules and Regulations, and other existing rules and regulations, the following administrative regulations are hereby promulgated:

- 8.1 A workers cooperative shall maintain a permanent office with at least a bookkeeper and a manager reporting to the officers;
- 8.2 The word "Workers" shall be included in the name of the cooperative;
- 8.3 Presence of signage as may be prescribed by the Authority from time to time;
- 8.4 Compliance with the term of office of the officers;
- 8.5 Compliance with the training requirements for officers;
- 8.6 Conduct of General Assembly at least once a year;
- 8.7 Recruitment and acceptance of members within the area of operation;
- 8.8 Provision of earnings, social, health and insurance benefits to workers not lower than the prescribed labor standards;
- 8.9 Compliance with the Harmonized Standard Chart of Accounts for Cooperatives;
- 8.10 Distribution of interest on share capital and patronage refund to members in accordance with the Code and Rule 10 of the IRR or as may be specified in the cooperatives' bylaws,
- 8.11 Maintenance of the required books of account and other books required by law and the Authority;
- 8.12 Issuance of Share Certificate to members;
- 8.13 Graduation of associate members who qualify and satisfy the requirements for regular membership;
- 8.14 Compliance with the 10% limitation on share holdings of members;
- 8.15 Compliance with all the provisions of the articles of cooperation and bylaws.



Section 9. **Inspection and Jurisdiction.** All cooperatives with member-workers deployed to perform contracted tasks, jobs and/or works in other business entities may be subjected to inquiry or inspection by the Authority to ensure their continuous compliance with the registration and other

administrative requirements under the Cooperative Code. Inspection reports shall be submitted to the CDA Regional Office. If violations are noted therein, the cooperative subject of inspection shall be duly notified thereof in writing and after conducting summary proceedings thereon shall be ordered to remedy such violations.

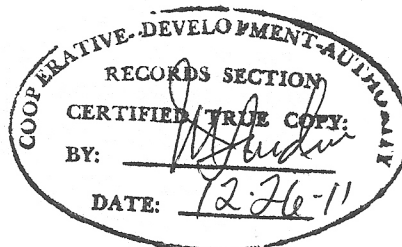
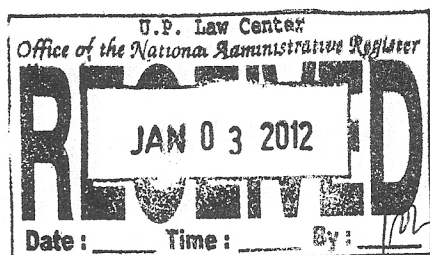
Provided, that the summary proceedings shall be completed within 60 days from the date of receipt of the inspection report. Provided further, that such order shall be immediately executory unless an appeal is validly filed with the CDA – Central Office, within ten (10) days from receipt of the said order. Decisions of the CDA – Central Office shall become final and executory within ten (10) days from receipt thereof. Non-compliance of a final order shall result to a dissolution and cancellation of the registration of a cooperative.

Section 10. **Joint Jurisdiction of CDA and DOLE.** Notwithstanding the provisions in Section 9, the Secretary of Labor and Employment in the exercise of his visitorial powers under Art. 128 of the Labor Code of the Philippines may conduct routine inspections over contracting/sub-contracting service cooperatives, in coordination with the CDA, for the purpose of ensuring faithful compliance of labor standards and safety requirements of the deployed owner-members. Provided, that labor standards as defined by the Labor Code shall be deemed complied with if the earnings and benefits under peculiar nomenclatures validly adopted under a cooperative's bylaws and policies, duly paid to deployed owner-members are equivalent or superior in value than those in the Labor Code.

Provided, finally, that DOLE inspection procedures and appeals thereon, shall be governed by the various rules validly promulgated by the Secretary of Labor and Employment in accordance with law.

Section 11. **Settlement of Disputes.** The settlement of disputes shall be in accordance with Art. 137 of RA 9520.

Section 12. **Transitory Provisions.** All cooperatives previously registered with the Authority which is owned and controlled by the workers themselves are given one (1) year to comply with these guidelines.





Section 13. **Effectivity.** These 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 Registry (ONAR).

Section 14. **Separability Clause.** If any provision of this guideline is declared null and void or unconstitutional, the other provisions not affected thereby shall continue to be in force and effect.

Approved by the Board of Administrators pursuant to Res. No. 410 series 2011, dated December 14, 2011.

For the Board of Administrators

By:

  
**EMMANUEL M. SANTIAGUEL, PhD.**  
Chairman

