



Republic of the Philippines
OFFICE OF THE PRESIDENT
COOPERATIVE DEVELOPMENT AUTHORITY
827 Aurora Blvd. Service Road, Brgy. Immaculate Conception,
1111 Cubao, Quezon City, Philippines

2012
International Year of
Cooperatives
PHILIPPINES



Memorandum Circular No. 2012-14
Series of 2012

SUBJECT : GUIDELINES FOR THE REGISTRATION OF SMALL-SCALE MINING COOPERATIVE

DATE : July 18, 2012

Pursuant to the powers vested by Republic Act No. 6939 and RA 9520, the Cooperative Development Authority (CDA) hereby promulgates the following Guidelines for the Registration of Small-Scale Mining Cooperatives:

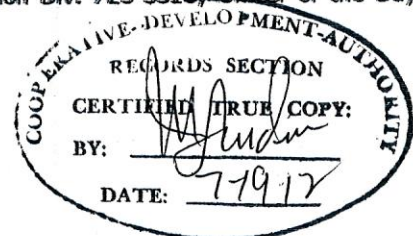
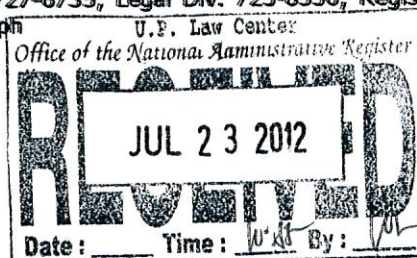
Section 1. Title. These Guidelines shall be known as the "*Guidelines For The Registration of Small-Scale Mining Cooperative*".

Section 2. Legal Basis. These Guidelines are hereby promulgated consistent with the Article 2 paragraph 1 of RA 9520 "to foster the creation and growth of cooperatives as a practical vehicle for promoting self reliance and harnessing people power towards the attainment of economic development and social justice" and as enshrined in Sections 1 and 3(a) of RA 6939 "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". These guidelines are promulgated in consonance with Memorandum Circular 2012-08.

Section 3. Purpose. These Guidelines shall provide for the orderly registration of proposed primary Small-Scale Mining Cooperative in compliance with the requirements as provided in RA 9520 and other pertinent laws.

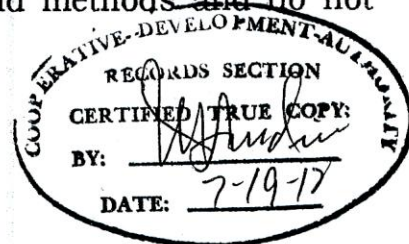
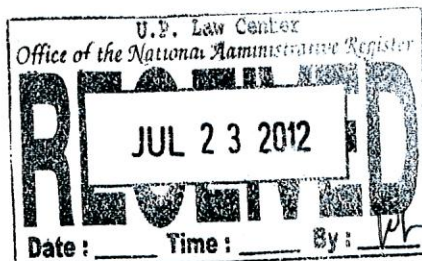
Section 4. Scope. These Guidelines shall cover all existing cooperatives engaged in mining and miners intending to form a cooperative under the provisions of R.A. No. 7076 otherwise known as an Act Creating A People's Small-Scale Mining Program and for Other Purposes and, R.A. No. 7942 otherwise known as The Philippine Mining Act Of 1995 and its Implementing Rules and Regulations.

Office of the Chairman 721-5325 Telefax 725-5324; Admin Office 725-2107; Office of the Executive Director 725-6450; Planning Div. 726-2814; MIS 725-0750; Supplies/Cash/Records 723-8306; Finance Div. 721-5328; Office of the Auditor 721-5329; Coop Research Info & Training Div. 725-6604; Coop Project & Devt. Assistance Div. 727-6735; Legal Div. 725-8536; Registration Div. 725-5510; Office of the Day 725-3764-www.cda.gov.ph



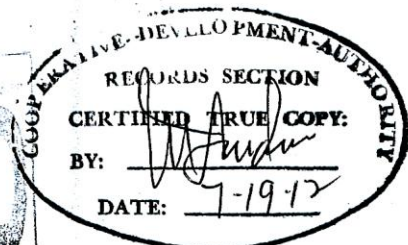
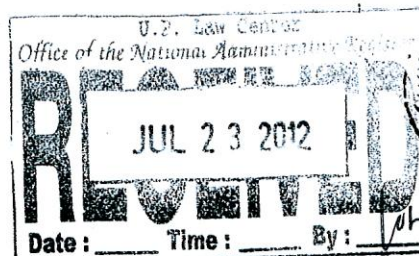
Section 5. **Definition of Terms.** For purposes of these Guidelines the following terms shall be construed as follows:

- (i) *Area of Business Operation* – refers to the principal place of business operation of a proposed cooperative engaged in small-scale mining declared as “minahang bayan” by the Department of Environment and Natural Resources (DENR) and mineral processing area as provided for in their articles of cooperation and by-laws.
- (ii) *Area of Operation* – refers to the area where the cooperative members come from as provided for in their articles of cooperation and by-laws.
- (iii) *Authority* - refers to the Cooperative Development Authority.
- (iv) *Bond of Membership* – refers to the condition where members associate themselves to attain their common goals and objectives which may either be residential and occupational only.
- (v) *Business Transaction* – refers to any business activity or livelihood engaged in by the cooperative.
- (vi) *Cooperative* - refers to an autonomous and duly registered association of persons, with a common of interest, who have voluntarily joined together to achieve their social, economic, and cultural needs and aspirations by making equitable contributions to the capital required, patronizing their products and services and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles.
- (vii) *Registration* – refer to the operative act of the Authority granting juridical personality to a proposed cooperative and is evidenced by the Certificate of Registration.
- (viii) *Share* - refers to a unit of capital in primary cooperative the par value of which is fixed at any figure not more than One Thousand Pesos (P1,000.00) and should be divisible by one peso which may be divided into common share capital and preferred share capital.
- (ix) *Share Capital* – refers to the money paid or required to be paid by the members for the conduct of the operation of the cooperative.
- (x) *Mineralized areas* - refer to areas with naturally occurring mineral deposits of gold, silver, chromite, kaolin, silica, marble, gravel, clay and like mineral resources.
- (xi) *Mining* – refers to any activity involving exploration, extraction, development, utilization, and processing of mineral deposits of gold, silver, chromite, kaolin, silica, marble, gravel, clay and like mineral resources.
- (xii) *Small-scale mining* - refers to mining activities which rely heavily on manual labor using simple implements and methods and do not use explosives or heavy mining equipment.



- (xiii) *Small-scale miners* - refers to Filipino citizens who, individually or in the company of other Filipino citizens, voluntarily form a cooperative duly licensed by the Department of Environment and Natural Resources to engage, under the terms and conditions of a contract, in the extraction or removal of minerals or ore-bearing materials from the ground.
- (xiv) *Small-scale mining contract* - refers to co-production, joint venture or mineral production sharing agreement between the State and a small-scale mining contractor for the small-scale utilization of a plot of mineral land.
- (xv) *Small-scale mining contractor* - refers to an individual or a cooperative of small-scale miners, registered with the Securities and Exchange Commission or other appropriate government agency, which has entered into an agreement with the State for the small-scale utilization of a plot of mineral land within a people's small-scale mining area.
- (xvi) *License* - refers to the privilege granted to a person to legitimately pursue his occupation as a small-scale miner or processor under RA 7076 (An Act Creating A People's Small-Scale Mining Program and for Other Purposes).
- (xvii) *Small-Scale Mining Cooperative* - refers to a cooperative composed of Filipino citizens, duly registered with the CDA, to engage in small-scale mining activities.
- (xviii) *Mineral processing* - refers to the milling, beneficiation or upgrading of ores or minerals and rocks or by similar means to convert the same into marketable products.
- (xix) *Quarrying* - refers the process of extracting, removing and disposing quarry resources found on or underneath the surface of private or public land.
- (xx) *People's Small-Scale Mining Areas* - refers to areas not considered as active mining areas and are not covered by existing forest rights or reservations and have not been declared as tourist or marine reserves, parks and wildlife reservations, unless their status as such is withdrawn by competent authority, where the minerals found therein are technically and commercially suitable for small-scale mining activities as declared by DENR.

Section 6. **Jurisdiction** - In accordance with Section 6 of MC No. 2012-08, all applications for registration under these Guidelines shall be directly filed with the Central Office (CO). However, this shall not in any way prejudice the future delegation of the registration of this type of cooperative to the Extension/Regional Offices of the Authority.



Section 7. **Procedures**

7.1 Technical assistance. The proposed cooperative may inquire from the Extension/Regional office the list of requirements, and any CDS may assist in explaining the procedures and compliance hereto.

7.2 Submission of required documents in accordance with MC 2011-15 on Revised Guidelines in the Registration of Primary Cooperatives.

7.3 *Validation and Verification of Submitted Documents.* In accordance with Section 9 of MC No. 2012-08, applications for registration of cooperatives among professionals covered by these guidelines shall be subject to verification and validation prior to registration.

7.3.1 It shall be conducted by the Registration Section of the concerned Extension Office upon order from the Central Office Registration Division within the period provided for in the Order which shall be sent through electronic or other means of communication.

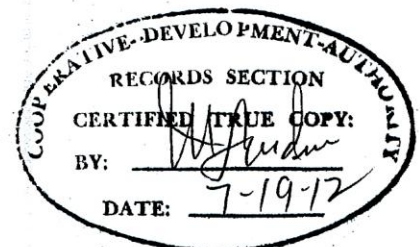
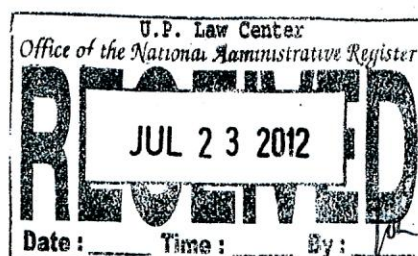
7.3.2 Report of Verification and Validation shall be prepared and submitted to the Central Office Registration Division through electronic or other means of communication within five (5) days after the conduct of such verification and validation.

7.3.3 Original copy of the validation/verification report must likewise be submitted.

Section 8. Number of members required for Registration. Fifteen (15) or more natural persons (license miners) who are Filipino citizens, having a common bond of interest and are residing or working in the intended area of operations are required for registration.

Section 9. Capital Requirements. (a) The authorized share capital of a small-scale cooperative shall be provided for in its Articles of Cooperation. At least twenty five percent (25%) of the authorized share capital shall be subscribed by the members and at least twenty five percent (25%) of the subscribed share capital shall be paid by the members prior to registration.

(b) The paid up capitalization requirement for primary cooperatives shall not be less than Fifteen Thousand Pesos (P15,000.00) except for multipurpose cooperative which should have at least One Hundred Thousand (P100,000.00) or as required by the feasibility study whichever is higher or as required by the appropriate government agency expressly granted by law to have a certain regulatory function over the operation of the activity sought to be engaged in by the Small-Scale Mining Cooperative, whichever is higher.



Section 10. Cooperative Name and Prohibition. (a) The word "small-scale mining", "Cooperative" "Kooperatiba" or "Cooperativa" shall be included in the name of the cooperative, which name shall likewise specify the type of cooperative in accordance with these Guidelines.

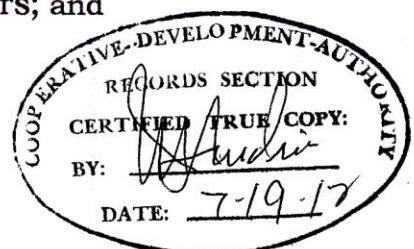
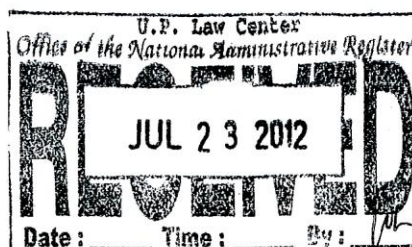
(b) No cooperative name shall be allowed by the Authority if the proposed name is *identical* or *deceptively* or *confusingly similar* to that of any existing cooperative, contrary to public policy, moral and existing laws.

The use of the words "development" and "integrated" in the cooperative name shall be discouraged.

The use of "Incorporated", "corporation", "company", "incorporation", partnership, or other similar connotation and abbreviation shall not be allowed. In addition, the use of the word "federation" and "union" in the name of the proposed primary cooperative is likewise prohibited except if it is part of the registered name of association or institution where the members of the proposed cooperative come from.

Section 11. Registration Requirements. The following documents shall be submitted to the Authority in Four (4) copies except for item (1) below:

1. Original copy of Cooperative Name Reservation Notice (CNRN);
2. Economic Survey;
3. Articles of Cooperation and the approved By-laws;
 - 3.1 All original;
 - 3.2 The Articles of Cooperation shall be signed by all the cooperators on each and every page; and
 - 3.3 The By-Laws shall be signed all the members on the adoption page.
4. Treasurer's Affidavit;
5. Surety Bonds of accountable officers;
6. Certificate of Pre-Membership Seminar (PMES) signed by the cooperative Interim Chairman, as validated by the Authority;
7. Undertaking to change name;
8. Undertaking to comply with the auditing and accounting standards prescribed by the Authority
9. Undertaking to comply with other requirements prescribed by the other regulatory agency, when applicable;
10. Certification from Mines Geo-Science Bureau Regional Office that the members are licensed miners if the area of business operation is within the Peoples Small-Scale Mining Area;
11. Tax Identification Number (TIN) of all cooperators; and
12. Registration fee.



Section 12. **Submission of Documents.** The documents required for registration shall be printed in an 8.5" x 13" or 8.5" x 14" and may be written in English or in Filipino or other local dialect with appropriate English translation. As far as practicable, the text should use *bookman old style 12*. In case of confusion in the interpretation of the provisions, the English translation shall prevail.

Section 13. **Common and Preferred Share.** (a) The share capital of a cooperative may consist of common share capital and preferred share capital if the latter is provided for under the cooperatives' articles of cooperation and by laws. Should the cooperative wish to have common and preferred shares, statements to that effect should appear in the Articles of Cooperation specifying the amount of shares to be offered for common shares and for preferred share. However, it is recommended that only the common share be offered.

(b) Should preferred share capital be offered, the rights and privileges of holders of preferred shares shall be provided for in the By-laws of the cooperative.

(c) Preferred share capital shall not exceed Twenty Five (25%) percent or one-fourth (1/4) of the total authorized share capital of the cooperative.

(d) The paid up and subscription of the common share capital contribution should strictly adhere to the twenty-five percent (25%) requirement based on the authorized capital share.

(e) No member shall own more than Ten (10%) percent of the subscribed share capital of the cooperative.

Section 14. **Bond of Membership.** The bond of membership of small-scale mining cooperative shall be:

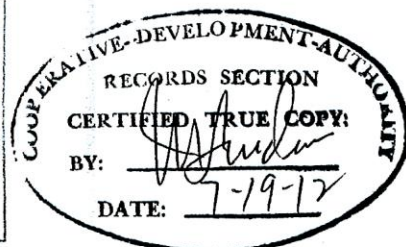
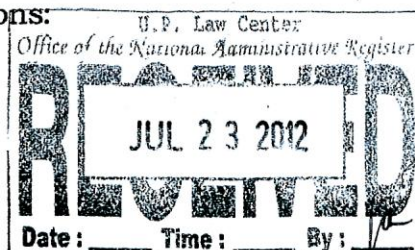
(a) *Residential* - for cooperatives that will engage in quarrying; or

(b) *Occupational* - for cooperatives that will engage in small-scale mining within People's Small-scale Mining Area.

Section 15. **Area Coverage.** No Small-Scale Mining Cooperative shall be allowed to register having nationwide area of operation.

Section 16. **Dual Membership.** A prospective cooperative may include in its by-laws a provision not allowing members of existing cooperatives of the same type within the same area of operation to be a member of the proposed cooperative unless they resign from the former.

Section 17. **Bonding Requirements of Accountable Officers / Employees of the Cooperative.** In order to meet any contingency that may arise in the operations of the cooperative accountable officers/employees of cooperatives shall submit a **surety** bond for the faithful performance of their functions in accordance with Articles 14(5) and (56) of the Code and in accordance with the following sub-sections:



- (a) The following persons shall be bonded:
- (1) Chairperson
 - (2) Treasurer and Cashier;
 - (2) Manager;
 - (3) Warehouseman;
 - (4) Loan/deposit Collectors;
 - (5) Signatories of checks and other financial instruments; and
 - (6) Such other persons as may be authorized by the cooperative to act as a custodian of funds merchandise, inventories, securities and other assets of the cooperative.

(b) The board of directors shall determine the adequacy of such bonds.

For this purpose, the Board of Directors shall be guided based on the initial networth of the cooperative which shall include the paid-up capital, the membership fees and the other assets of the cooperative at the time of registration.

Section 18. **Required Period for Approval of Registration.**

(a) An application for registration shall be finally disposed by the Authority within the period of Sixty (60) days from the filing of complete documentary requirements. Otherwise, the application is deemed approved unless the cause of the delay is attributable to the applicant.

(b) In the case of denial by the Authority, appeal of such denial may be sent to the Office of the President within ninety (90) days from receipt of the notice of denial.

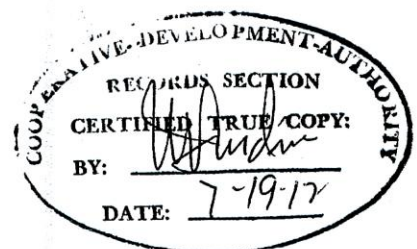
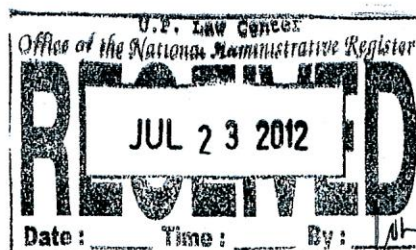
(c) The failure of the Office of the President to act on the appeal within ninety (90) days from the filing thereof shall mean the approval of said application.

Section 19. **Monitoring and Inspection**

The Extension Office (EO) concerned shall monitor and conduct inspection of the said Small-Scale Mining Cooperative to ensure compliance with these Guidelines, laws, rules and regulations, issuances of the Authority and other appropriate government agencies.

Section 20. **Transitory Provisions.** Existing Cooperatives engage in mining are hereby given one (1) year from the effectivity hereof to comply with the herein prescribed requirements.

Section 21. **Separability Clause.** If any provision of these Guideline is declared null and void or unconstitutional, the other provisions not affected thereby shall continue to be in force and effect.



Section 22. **Repealing Clause.** All previous circulars and/or guidelines issued by the Authority which are inconsistent with these Guidelines are hereby repealed or modified accordingly.

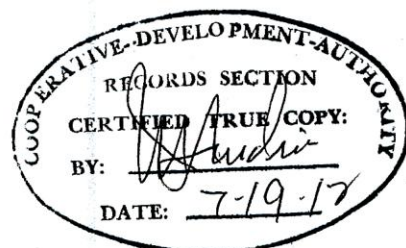
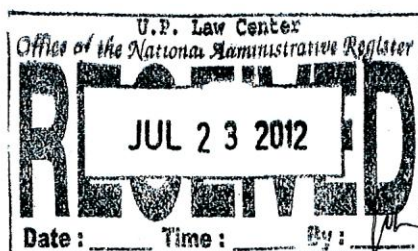
Section 23. **Effectivity.** These Guidelines shall take effect upon the approval of the Board of Administrators and fifteen (15) days upon filing of copy hereof with the Office of National Administrative Registry (ONAR).

Approved pursuant to BOA Resolution No. 194, S-2012 dated July 13, 2012.

For the Board of Administrators

By:


EMMANUEL M. SANTIAGUEL, Ph.D
Chairman





EXCERPTS FROM THE
MINUTES OF REGULAR MEETING
OF THE CDA BOARD OF ADMINISTRATORS HELD ON JULY 13, 2012
6/F CDA Board Room 827 Aurora Boulevard, Bgy. Immaculate Conception, Cubao, Q.C.

PRESENT:

Hon. Emmanuel M. Santiaguel, Ph.D.
Hon. Felicitas S. Acosido, Ph. D.
Hon. Nelson B. Alindogan
Hon. Paisalin P.D. Tago

- Chairman/Presiding Officer
- Administrator
- Administrator
- Administrator

ALSO PRESENT:

Dir. Orlando R. Ravanera

- Acting Executive Director

RESOLUTION NO. 191, s-2012

Upon motion of Adm. Felicitas S. Acosido duly seconded by Adm. Nelson B. Alindogan,
be it **RESOLVED** as it is hereby **RESOLVED** to *approve the GUIDELINES IN THE
REGISTRATION OF SMALL-SCALE MINING COOPERATIVES.*


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.


MARY GRACE L. CINCO
Acting Board Secretary IV

ATTEST:


EMMANUEL M. SANTIAGUEL, Ph.D.
Chairman

