



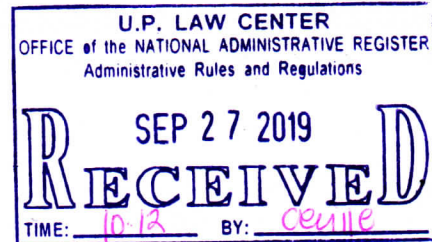
# COOPERATIVE DEVELOPMENT AUTHORITY

827 Aurora Blvd., Service Road, Brgy. Immaculate Conception, 1111 Cubao, Quezon City, Philippines

http://www.cda.gov.ph helpdesk@cda.gov.ph CDA @CDAPHils PH Cooperatives



**MEMORANDUM CIRCULAR NO.** 2019-11  
**Series of 2019**



**TO :** **ALL CONCERNED**

**SUBJECT :** **POLICY GUIDELINES GOVERNING THE ALLOCATION AND UTILIZATION OF THE COMMUNITY DEVELOPMENT FUND (CDF) OF THE COOPERATIVE**

Pursuant to Section 3 (l) of R.A. 6939, the Authority prescribes the following Guidelines Governing the Allocation and Utilization of the Community Development Fund (CDF).

## **Section 1. Title**

This Guidelines shall be known as the *“Policy Guidelines Governing the Allocation and Utilization of the Community Development Fund (CDF) of the Cooperative”*.

## **Section 2. Legal Basis**

Article 4 (7) of R.A. 9520

“Concern for Community - Cooperatives work for the sustainable development of their communities through policies approved by their members.”

Article 5 (12) of R.A. 9520

“Social Audit is a procedure wherein the cooperative assesses its social impact and ethical performance vis-à-vis its stated mission, vision, goals and code of social responsibility for cooperatives to be established by the Authority in consultation with the cooperative sector. It enables the cooperative to develop a process whereby it can account for its social performance and evaluate its impact in the community and be accountable for its decisions and actions to its regular members.”

Article 86 (3) of R.A. 9520:

“An amount for the community development fund, which shall not be less than three per centum (3%) of the net surplus. The



community development fund shall be used for projects or activities that will benefit the community where the cooperative operates.”

Rule 11, Section 5 (c) of Revised Implementing Rules and Regulations (IRR) of R.A. 9520:

“Section 5. Scope of Social Audit.

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c. Uses of Community Development Fund .”

### **Section 3. Coverage**

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

### **Section 4. Definition of Terms**

- a. *Area of Operation* – refers to the area where the cooperative members come from as provided for in their Articles of Cooperation and By-laws;
- b. *Community* – refers to a social group of any size whose members are residing or living together in a specific locality, with a common characteristic, cultural and historical heritage or interest, or within a larger society;
- c. *Community Development* – refers to the process where community members are supported by organizations, to identify and take collective actions on issues which are important to them. It empowers community members and create stronger and more connected communities, such as but not limited to projects on environment conservation and protection, health and sanitation, infrastructure, disaster risk reduction and management, and support to the vulnerable sector of the society;
- d. *Community Development Fund (CDF)* – refers to the funds allocated from the net surplus of the cooperative to be used for projects or activities that will benefit the community within the area of operation as provided for in its Articles of Cooperation;

- e. *Fortuitous event* – refers to event which cannot be foreseen or which though foreseen cannot be avoided e.g. natural calamities, earthquake, fire, unusual flood;
- f. *Net Surplus* – refers to the excess payments made by the members, which shall not be construed as profits, from the loans or goods and services availed of or the difference of the rightful amount due to the members for their products sold or services rendered to the cooperative. It includes other inflow of assets resulting from its other operating activities, which shall be returned to the members as prescribed in the Code;
- g. *Programs, Projects and Activities (PPAs)* – refer to a series of tasks that need to be completed in order to reach a specific outcome. A project can also be defined as a set of inputs and outputs required to achieve a particular objective or goal;
- h. *Social Development Plan and Budget* – refers to annual plan of programs, projects and activities with corresponding resources/fund approved by the General Assembly to be reported in the Social Audit Report submitted to the Authority. In the case of Representative Assembly, the plan shall be discussed in the sector/chapter/district assembly. Any decisions of the latter shall be presented by the delegate/representative to the general assembly.

### **Section 5. Allocation for the Community Development Fund (CDF)**

The amount to be allocated for the Community Development Fund shall not be less than three per centum (3%) of the net surplus which shall be fixed in the by-laws. Provided, however, that the total amount allocated for the CDF and optional fund shall not exceed ten per centum (10%) of the net surplus.

### **Section 6. Utilization of the Community Development Fund (CDF)**

The CDF shall be used for projects or activities that will benefit the community within the area of operation of the cooperative.

These projects and activities shall be specifically provided in the Social Development Plan and Budget to be approved by the general assembly.

The CDF allocation for the current year shall be fully utilized on the following year unless the projects or activities as approved by the general assembly require multi-year utilization.

For multi-year projects/program, the allocation shall be fully utilized within the period as stated in the plan.

### **Section 7. Prohibitions in the Utilization of CDF**

The following acts are prohibited:

- a. Creation or establishment of a foundation to manage or administer the CDF and to carry on the community development program of the cooperative;
- b. Management and administration of the CDF 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 approved Social Development Plan, except for fortuitous events that may occur within the area of operation;
- e. Transfer or donation of the CDF of the parent cooperative to its subsidiary cooperative;
- f. Other acts similar to the foregoing.

### **Section 8. Reporting of Social Development Activities Undertaken and Utilization of the CDF**

Social development activities conducted for the community and the amount for each activity shall be included in the Social Audit Report of the Cooperative.

The amount of CDF utilized during the year shall be indicated in the Social Audit Report to determine the balance and the percentage of utilization. Any changes in the amount of CDF shall be reflected in the Statement of Changes in Equity.

### **Section 9. Unexpended Amount of CDF**

Subject to the immediately preceding sections, the remaining balance of the CDF as of FY2018 shall be utilized upon the effectivity of this circular as reflected in the Social Development Plan approved by the General Assembly, following the schedule below:

<b>Remaining balance of CDF</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

In case of dissolution of the cooperative, the unexpended balance of the CDF shall be executed as per Social Development Plan approved by the General Assembly, to be implemented by the Board of Liquidators.

**Section 10. 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 Certificate of Compliance (COC) for the immediately succeeding year;
2. Dissolution for willful violation of the lawful order of the Authority.

**Section 11. 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 full force and effect.

**Section 12. 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. 316, S-2019 dated July 15, 2019.

September 23, 2019

For the Board of Administrators

By:

  
**ORLANDO R. RAVANERA**  
 Chairman



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## EXCERPTS FROM MINUTES OF 8<sup>th</sup> REGULAR MEETING OF THE CDA BOARD OF ADMINISTRATORS HELD ON AUGUST 27, 2019 AT CDA-CENTRAL OFFICE

### PRESENT:

Hon. Orlando R. Ravanera	- Chairman/Presiding Officer
Hon. Benjie S. Oliva	- Administrator from Visayas
Hon. Paisal I. Cali	- Administrator from Mindanao
Hon. Abdulsalam A. Guinomla	- Administrator from Mindanao
Hon. Abad L. Santos	- Administrator from Luzon
Hon. Myrta B. Paradillo	- Administrator from Luzon
Hon. Vidal D. Villanueva III	- Administrator from Visayas

### ALSO PRESENT:

Mr. Ray R. Elevazo	- Executive Director
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### RESOLUTION NO. 385, S-2019

Upon motion by Adm. Myrta B. Paradillo, duly seconded by Adm. Abdulsalam A. Guinomla, be it RESOLVED as it is hereby RESOLVED, to approve the Memorandum Circular on the Policy Guidelines Governing the Allocation and Utilization of the Community Development Fund (CDF) of the Cooperative as presented.

RESOLVED FURTHER, that the proposed inclusion (item no. 1) in BOA Resolution No. 316, S-2019 dated July 15, 2019 be issued thru an Office Order for all officials and employees of the Authority.


UNANIMOUSLY APPROVED.

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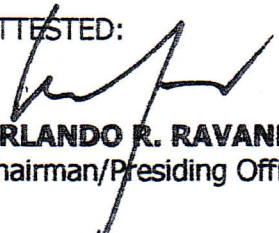
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This is to certify that the foregoing is true and correct from the minutes of the CDA Board of Administrators' Regular Meeting.

  
**JULIO E. CASILAN, JR.**  
Acting Board Secretary

ATTESTED:

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

