



CDA VISION 2020 :
A RADIANT AGENCY
IMPLEMENTING AN INTEGRATED
AND COMPREHENSIVE PLAN
FOR COOPERATIVES

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	i
INTRODUCTION	1
a. Objectives	1
b. Guiding Principles.....	2
c. Characteristics of the Plan	2
BASES OF THE PLAN.....	2
a. Legal Bases	2
a.1. 1987 Philippine Constitution	2
a.2. State Policy on Co-operatives.....	2
THE PHILIPPINE DEVELOPMENT PLAN (2011-2016).....	3
b.1. Rapid, inclusive, and sustained economic growth	3
b.2. Financial inclusion	4
b.3. Reduction of poverty	4
PRACTICAL BASES	5
c.1. ASEAN Economic Community 2015	5
c.2. Imbalance Co-operative Development	6
c.3. Need to Regulate Co-operatives.....	6
c.4. Need for Convergences of Government Programs on Co-operatives	6
SITUATIONER.....	7
a. Status of the Co-operatives	7
b. Regulatory Initiatives.....	8
b.1. Regulatory Partners	8
b.2. Existing IRR is Proposed for Revision	8
c. Development Assistance.....	8
d. Coordination With Other Agencies	9
e. International Linkages And Participation To Related International Events.....	10
f. Training Service Providers	10
g. Accreditation of Co-Operative External Auditors.....	11
h. Conflict Resolution	11
THE PLAN	11
a. Time Frame	11
b. Strengthening the Administrative Machinery of the CDA.....	11
c. Strengthen the Consultative Mechanisms to Various Sectors	13

d. Creation of National Co-operative Data and Information Repository.	15
e. Development of Micro and Small Co-operatives (MSCs)	16
f. Flexing the Co-operative Regulation	19
g. Strategies for Strengthening the Co-operative Education System.....	20
h. Strategies for Strengthening the Co-operative Audit System.....	22
IMPLICATIONS OF THE PROGRAMS.....	23
a. On manpower requirement	23
b. On the budget of the CDA	24
c. On strengthening MIS unit	25
EXPECTATIONS BY 2020	25
CONCLUSIONS	25

LIST OF FIGURES

Figure 1. Percentage of Co-operatives vis-a-vis the aggregate assets	6
Figure 2. Trend in Co-operative Registration from 1992 to 2012, Philippines	7
Figure 3. The Proposed Organizational Chart	11
Figure 4. Proposed consultative mechanism	13
Figure 5. National Co-operative Data and Information Repository (NCDIR)	15
Figure 6. Trend of Manpower Complement from 1990 -2014	23

LIST OF TABLES

Table 1.	Distribution of Aggregate Combined Deposits of Reporting Co-operatives Enterprise Category, As of December 31, 2013, Philippines	27
Table 2.	Distribution of Aggregate Combined Paid-up Capital of Reporting Co-operatives Enterprise Category, As of December 31, 2013, Philippines	27
Table 3.	Regional Distribution of Registered and Reporting Co-operatives, As of September 8, 2014, Philippines.....	27
Table 4.	Total Number of Reporting Co-operatives by Enterprise Category, As of August 31, 2014, Philippines.....	28
Table 5.	Distribution of Aggregate Assets of Reporting Co-operatives by Enterprise Category, As of December 31, 2013, Philippines.....	28
Table 6.	Distribution of Aggregate Volume of Business of Reporting Co-operatives Enterprise Category, As of December 31, 2013, Philippines	28
Table 7.	Breakdown of Micro Co-operatives by Asset Range, As of December 31, 2013, Philippines.....	28

ACKNOWLEDGEMENT

The CDA Vision 2020 is initiated and crafted by the Officer-in-Charge. A number of staff of CDA assisted him in preparing the document into its present form:

Deputy Executive Director, Mr. Giovanni T. Platero, for his assistance in composing the initial draft of the Plan;

Executive Director, Mr. Ray R. Elevazo, for his technical advice in crafting the format of presentation;

Administrators Mercedes D. Castillo, Nelon B. Alindogan, and Pendatun B. Disimban for their invaluable comments on the contents of the Plan;

The Directors and Assistant Directors of the fifteen (15) Extension Offices of CDA, and members of the Executive Committee for their suggestions and observations during the CDA Performance Assessment and Planning Conference held on October 2-3, 2014 at Brentwood Hotel, Quezon City;

Ms. Ma. Rose Teresa B. Morales, for preparing tables;

Mr. Bonifacio Garcia, for computer encoding;

Mr. Niel Adonis Tamayo, for the design of the cover page; and

Lastly, Atty. Mona Liza P. Arriba, for editing the final draft of the Plan.

The Officer-in-Charge deeply appreciates the assistance and support of the above-mentioned staff, without which this "CDA Vision 2020" would not have been in its present form today.

EULOGIO T. CASTILLO

Executive Summary

The CDA Vision 2020 is proposed as the CDA medium-term plan for the period 2015 to 2020. It is crafted based on the 1987 Constitution provisions, CDA Charter, Cooperative Code of 2008, Philippine Development Plan 2011-2016, ASEAN Economic Integration and the status of co-operative development in the Philippines.

The Plan seeks to have an efficient and effective delivery of government programs and initiatives to co-operatives, upscale the status and performance of micro and small co-operatives, and ensure that all co-operatives are complying with the existing laws, rules and regulations on co-operatives.

The formulation of the Plan was initiated upon the assumption of Administrator Eulogio T. Castillo as Officer-In-Charge of CDA on August 16, 2014. The framework was presented in a seminar in CDA Central Office on August 18, 2014. The draft plan was presented in the CDA Performance Assessment and Planning Conference (CPAPC) held on October 2-3, 2014 at Brentwood Hotel, Quezon City. It was attended by the members of the Board of Administrators, Regional Directors, Assistant Directors and members of the Execom. The revised draft plan was unveiled in 12th National Co-operative Summit in Waterfront Hotel, Lahug, Cebu City on October 17, 2014.

The Plan embraces a balance approach in the execution of the CDA's twin functions of development and regulation of co-operatives. The strategies and approaches in the implementation of the plan necessitates the re-structuring the CDA administrative machinery to effect a meaningful implementation of all initiatives under the CDA Vision 2020.

Under proposed structure of the CDA, a new department, the General Administrative and Support Department (GASD) shall be instituted in addition to the existing Institutional Development Department (IDD) and Legal and Registration Department (LRD). The LRD, however, shall be strengthened by converting it to Registration and Regulation Department to give emphasis to the regulatory function of the CDA. A Legal Affairs Office, as staff office of the Board of Administrators (BOA), shall be created, to handle the assets recovery initiatives of CDA, resolution of conflicts among co-operatives and other legal issues on co-operatives. Likewise, the Public Affairs Office, as staff office of the BOA, shall be created to handle the promotional and public relation activities on co-operatives of the CDA.

The CDA envisions that by 2020, 50% of micro-co-operatives shall have graduated to small category (2013 as baseline) and 50% of small co-operatives shall have elevated to medium category.

The strategy to develop the micro and small co-operatives is two-pronged: First, there should be a rationalized regulatory environment on reportorial requirements by simplifying the tools and instruments for micro co-operatives during their infancy and development stages. Second, there should be a coordinative system of infusion of assistance, financial, technical or otherwise to avoid the duplication of developmental interventions by the relevant partner government agencies catering to the same group of co-operative beneficiaries.

It is further envisioned that by 2020, all co-operatives shall have been inspected (100%) and are compliant with the laws, rules and regulations on co-operatives. All efforts shall be exerted, in the regulation of co-operatives so that the interests of the members are protected, and the privileges and incentives granted under the laws on cooperatives are not abused.

In support of the plan, a National Co-operative Data and Information Repository (NCDIR) shall be established to have an efficient system of data/information gathering, storage, retrieval, processing and dissemination.

The co-operative education system as important support component of the Plan shall be strengthened. By 2020, CDA envisions that the ground work for the establishment of Cooperative College shall have been prepared.

The rationalization of the Co-operative Audit System shall be introduced. The micro co-operatives whose assets are below P500 Thousand may be exempt from the submission of the audited financial statements, performance, and social audit reports for five years from the date of registration. By the end of 2020, the Integrated Co-operative Audit System shall already be established.

The system of consultation of co-operatives shall be enhanced, to have sound national policy guidance on co-operative development. Likewise, the mechanism to coordinate various national and local government agencies with programs on co-operatives shall be strengthened. The participation of CDA in the international conferences shall be vigorously pursued.

Having presented the Philippine co-operatives' existing situation, prospects, challenges and the proposed measures to strike the appropriate balance between regulations and development, the CDA proposes that the funds originally intended for lending (e.g., CDLF, CDRLF, SLF, CMP, QUEDANCOR Fund, etc.) which were recently remitted to the national treasury amounting to P93.5 million shall be appropriated back to CDA to effectively perform its development and regulatory functions.

Likewise, the initial funding requirements for 2015 amounting to P22.4 million to finance the Information System Strategic Plan (ISSP) have been proposed. The envisioned National Co-operative Data and Information Repository (NCDIR) is anchored on the development of IT Architecture (IA) to come up with the data warehouse that will serve as source of timely, relevant and accurate information to aid the planners and decision-makers in the discharge of their responsibilities.

By the end of 2020, we expect that the private/co-operative sectors are adequately guided by government policies and programs on co-operatives. There shall be cohesion of government initiatives in providing services to client-co-operatives. Ultimately, the CDA harmonizes the private sector initiatives and government policies and programs on co-operatives in the pursuit of social justice and economic development objectives as provided for in the 1987 Philippine Constitution.

CDA Vision 2020: A Radiant Agency Implementing an Integrated and Comprehensive Co-op Plan¹

1. Introduction

The mandate of the Cooperative Development Authority is to promote the viability and growth of the co-operatives as instruments for social justice and economic development.² Among others, its specific function is to formulate, adopt and implement integrated and comprehensive plans and programs on co-operative development consistent with national policy on co-operatives and overall socio-economic development plans of the government.³ Since the passage of the Cooperative Code of the Philippines of 1990,⁴ the CDA struggled to integrate and harmonize various co-operative programs of numerous government agencies.

We are already on the 100th year since the first co-operative law⁵ was introduced. We are yet to feel significant impact of co-operatives to the large segment of the society like what the other developing economies have achieved over the years.

Last year, the International Co-operative Alliance (ICA) had formulated and issued the Blueprint for a Co-operative Decade which prescribes strategies to further enhance co-operatives. The ICA envisioned the co-operatives worldwide to become acknowledged leader in economic, social and environmental sustainability; business model preferred by people; and the fastest growing form of enterprise.⁶

At present, the issues and concerns on co-operatives are complex as there are several types of industries of co-operatives under the present Philippine Cooperative Code⁷ compared to its predecessor law where there were only six types of co-operatives that development planners have to contend with. In the light of those concerns and challenges, the imperative need for an integrated and comprehensive co-operative plan is the call of the time.

a. Objectives

The formulation of an integrated and comprehensive development plan aims to:

- Have an efficient and effective delivery of government programs and initiatives in co-operatives;
- Create a balance growth of various types of co-operatives;
- Upscale the status and performance of micro and small co-operatives; and

¹ Paper Presented by Eulogio T. Castillo, Ph.,D. Administrator and Officer –In-Charge, Cooperative Development Authority during the 12th National Co-operative Summit, Waterfront Hotel, Lahug, Cebu City, October 15-17, 2014

² Section 16, Article XII, National Patrimony and Economy, 1987 Philippine Constitution

³ Paragraph (a) of Section 3 of RA 6939

⁴ Republic Act 6938 signed on March 10, 1990 by the late President Corazon C. Aquino.

⁵ Rural Credit Co-operative Association Act (PA No. 2508) in February 15, 1915

⁶ ICA Blueprint for a Co-operative Decade, January 2013

⁷ Article 23, RA 9520

- Ensure that all co-operatives are complying with the existing laws, rules and regulation on co-operatives.

b. Guiding Principles

The following principles ushered-in the discussions and crafting of the integrated co-operative plan:

- Coherent efforts and initiatives of government and private sectors in the development of co-operatives;
- Medium-term perspective and focus; and
- Balance treatment between development and regulation of various types of co-operatives.

c. Characteristic of the Plan

In order for the co-operatives to become instruments for social justice and economic development, the integrated plan must also be comprehensive and cohesive to contribute to the overall socio-economic development of the country. Specifically, it possesses the characteristic of being responsive to the priority development thrusts of the government such as

- economic growth which is sustained, rapid and inclusive;
- poverty reduction and empowerment of the poor and vulnerable; and
- Employment generation

2. Bases of the Plan

a. Legal Bases

a.1. 1987 Philippine Constitution

No less than the fundamental law of the land provides that “[t]he Congress shall create an agency to promote the viability and growth of co-operatives as instruments for social justice and economic development.”⁸ Adhering to the Constitutional mandate, the Congress enacted in 1990 Republic Act 6939, creating the Cooperative Development Authority tasked to promote the viability and growth of co-operatives as instruments of social justice, equity and economic development.

a.2. State Policy on Co-operatives

When the Cooperative Code of 2008 was enacted amending RA 6938, the Cooperative Code of 1990, it echoed the same policy of the state, viz: to *“foster the creation and growth of co-operatives as practical vehicle for promoting self-reliance and harnessing people power towards the attainment of economic development and social justice. The State shall encourage the private sector to undertake the actual formation and organization of co-operatives and shall create an atmosphere that is conducive to the growth and development of these co-operatives.”*⁹

⁸ Section 15, Article XII, National Patrimony and Economy, 1987 Philippine Constitution

⁹ Article II, of RA 9520

To operationalize this policy, the government including all its branches, subdivisions, instrumentalities and agencies is called to *“ensure the provision of technical guidance, financial assistance and other services to enable said co-operatives to develop into viable and responsive economic enterprises and thereby bring about a strong co-operative movement that is free from any conditions that may infringe upon the autonomy or organizational integrity of co-operatives.”*¹⁰

3. The Philippine Development Plan (2011-2016)

b.1. Rapid, inclusive, and sustained economic growth

The Philippine Development Plan (2011-2016), which serves as the roadmap of the present dispensation, defines the strategies and programs that will translate the Social Contract of the President with the Filipinos.¹¹ Significantly, under the said plan which is treated as blueprint where the co-operatives, as business organizations, are expected to contribute to rapid, inclusive, and sustained economic growth.

As of August 31, 2014, it is estimated that a total of 13.858¹² million Filipinos are members of co-operatives which translates to 23.8% of the population above 20 years old. Using the 2010 Census of Population and Housing of 92.1 Million Household Population and Average Household Size of 4.6, the depth of co-operative penetration is estimated at 58%.¹³ The growth of membership in co-operatives will create ripple effect in increasing the volume of business for co-operatives which is good for the nation’s economy. The number of Filipinos joining the sector shall mean producing social entrepreneurs who by and large directly or indirectly create income and employment opportunities thereby drawing the large segment of the population, especially those who belong to the marginalized sector, into the economic and social mainstream.

As self-help organizations, with proper nurturing and support by the government, co-operatives by nature can contribute to economic growth because of the savings and capital they can pool which then serve as inputs in producing goods and services. The development of co-operatives belonging to the category of small and medium enterprises will afford their members to have access to capital to start micro social enterprises. Therefore the propensity of job creation in rural areas is abound. The exodus of skills and talents seeking overseas employment opportunities will be minimized if not totally eliminated. The contribution of the Filipino skills and talents in stirring up the country’s economy augurs well in nation building as its social impact will also be felt in a society where the millions of children have to endure of growing up without a father or mother by their sides who are working in a far distant land because employment opportunities here are limited.

Needless to say, the co-operatives, more particularly those which are engaged in deposit-taking and credit services are proven to be the most potent grassroots organizations serving as Micro Finance Institutions (MFIs) which can offer social entrepreneurs access to capital who most often are denied by the commercial financial institutions of such opportunity. The development of micro and small co-operatives in rural communities creates such great opportunity that combats poverty in those areas.

¹⁰ Ibid.

¹¹ Executive Order 43 series of 2011, Issued on May 13, 2011

¹² Based on the 2013 statistically extrapolated data from annual reports of 9,615 co-operatives

¹³ Briefing for House of Representatives Committee on Co-operatives on October 16, 2013. Batasang Pambansa

Finally, co-operatives tend to have a higher level of entrepreneurial sustainability. One study shows that the rate of survival of co-operatives after three years of operation is 75% in contrast to other forms of enterprises which is only 48%. After ten years, 44% of co-operatives are still in operation, whereas the ratio is only 20% for all enterprises.¹⁴

b.2. Financial inclusion

The strength of the Philippine financial sector as mentioned in the Philippine Development Plan (2011-2016) showed a steady improvement in the balance sheet of the banking industry, the issuance and listing of corporate bonds, and the underwriting of insurance contracts.¹⁵ The active participation of the medium and large co-operatives which comprise 9% of the total co-operatives in the country contributed to the strengthening of the financial sector.

For the year 2013, the reporting co-operatives posted an aggregate ending balance of P97 Billion time/savings deposits (Table 1) while the paid-up capital ending balance was reported at P71 Billion (Table 2).¹⁶ Those capital contributions were used to propel business undertakings which resulted in the generation by the co-operative of the aggregate Net Surplus amounting to P13 Billion, all of which were returned to the members in the form of share capital and patronage refund.¹⁷

The public confidence on co-operatives as part of formal financial institutions must be sustained over the long term by instituting pertinent performance standards and policy reforms. The regulatory policies of the CDA must respond to making those co-operatives adhere to the best practices and good governance measures. They must be properly maintained and/or instituted to maintain that public confidence. The success of big co-operatives, good public image and goodwill earned by them will cascade down to the benefits of the entire co-operative sector.

The Philippines has already made great strides in its effort to make financial services available to everyone not only through banks and insurance firms but also through other institutions such as co-operatives and microfinance nongovernment organizations.¹⁸ An enabling policy and regulatory environment that encourages the provision of financial services to previously excluded segments of the population like the enterprising poor must be continuously pursued.

b.3. Reduction of poverty

Consistent with our country's commitment to the realization of the Millennium Development Goals (MDG) of reducing extreme poverty from 33.1% in 1991 to 16% by 2015, it is the firm belief of the CDA that the co-operative sector can contribute to such goal. The provision of assistance to agricultural co-operatives in the far flung rural communities where the prevalence of poverty incidence is widely observed will enable such co-operatives to enhance their capacities in doing activities that will respond to the needs of the entrepreneurial poor. It is important to reiterate that 91% of the registered co-operatives belong to small and micro enterprise category.

¹⁴ Co-operatives and Debt Trap p 109

¹⁵ Chapter 6, Philippine Development Plan of 2011-2016

¹⁶ Based on the actual consolidated data submitted by 9,615 co-operatives

¹⁷ Philippine Co-operative Situationer Report presented by the CDA in the Technical Working Group meeting of the Cabinet Cluster on Human Development and Poverty Reduction held on July 22, 2014 at Parks and Wildlife, Quezon City

¹⁸ Ibid

Though there is an improved reduction of poverty incidence from the 1991 level of 33.1% of the total population to 26.9% in 2010, a concerted effort to further improve our standing among ASEAN neighbors is needed. The recent performance scorecards in poverty reduction initiatives placed the Philippines as the third poorest country in the region next to Lao Democratic Republic (38.1%) and Indonesia (28%). In spite of that improvement, we are already overtaken by Vietnam and Cambodia which posted a significant reduction of the number of people in the poverty threshold.¹⁹ From 2005 to 2010, we posted a low 4.0 points drop in poverty reduction which casts doubt on meeting our country's commitment under the MDG of halving the poverty incidence to 16% by 2015.

Pertinently, a clear and categorical direction and blueprint for co-operatives that will help them build their organizational capacities thus enabling them to contribute to poverty incidence reduction must be in place.

4. Practical Bases

c.1. ASEAN Economic Community 2015

The creation of ASEAN Economic Community (AEC) in 2015, as an offshoot of the signing of ASEAN declaration by the Heads of the government in the Region will pave the way for the integration of the economies of the ASEAN member-countries. The economic integration is but an inevitable consequence that we will be facing up to. The region will become a single market and production base with five core elements, namely:

- Free flow of goods;
- Free flow of services;
- Free flow of investment;
- Free flow of capital; and
- Freeflow of skilled labor.

It is worth mentioning that the promotion of ASEAN agricultural co-operatives as a means to empower and enhance market access of agricultural products is included in the ASEAN declaration.²⁰ It envisages the building of a network mechanism linking agricultural co-operatives and to fulfil the purpose of agricultural co-operatives for the benefit of farmers.²¹

It is equally important to note also that the Philippines has yet to lay down the groundwork to capacitate our agricultural co-operatives and build the mechanism for international collaboration and business linkages. A strong national network and federated structure for Philippine agricultural co-operatives is wanting in this respect. To realize this, the development of primary agricultural co-operatives which serve as solid foundation of strong national agricultural federation must be relentlessly pursued. At present, the primary agricultural co-operatives, which constitute a large portion of micro and small co-operatives are weak and fragmented. The government must provide all necessary intervention measures in order to make agricultural co-operatives as active player in AEC 2015.

¹⁹ Source: ADB, Key indicators for Asia and the Pacific 2014, Table 2.2, p. 11

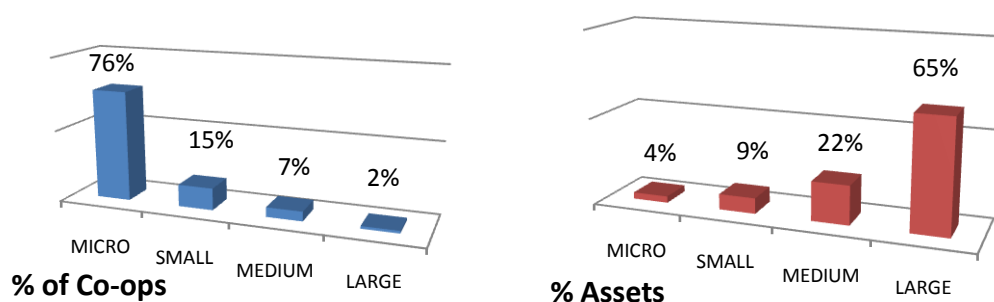
²⁰ ASEAN Declaration p. 18

²¹ Ibid.

c.2. Imbalance Co-operative Development

In the latest report posted in the CDA website and presented in various forums, the picture of the co-operative movement reflects the microcosm of the socio-economic structure of the country where a few control the large part of the wealth of the nation while the overwhelming majority shared the remainder. The Figure below shows the percentage of co-operatives vis-a-vis the aggregate assets. Only 9% of the total registered co-operatives own and control 87% of the aggregate assets while 91% share the remnants 13%.²²

Figure 1. Percentage of Co-operatives vis-a-vis the aggregate assets



Given the inequity, a policy reform towards a balance approach on co-operative development and regulation is necessary to foster the competitiveness of the co-operatives as engines of socio-economic development. Over the years, the effort of the government has been tilted in favor of regulations and the developmental interventions, especially in the capacity building aspect, have been put in the back burner if not totally shelved. The trend in the liberalization of global socio-economic landscape is a wake-up call for key co-operative development players to come up with a concerted effort in drawing up a workable blueprint to harness the organizational capacity of micro and small co-operatives in enterprise development.

c.3. Need to Regulate Co-operatives

While there is a growing recognition of the contribution of co-operatives in national socio-economic development through the presence of billionaire co-operatives, there is a need to come up with a responsive regulatory environment to ensure that the interest of the members are protected and the privileges and incentives given by law to co-operatives are not abused.

c.4. Need for Convergences of Government Programs on Co-operatives

When the Philippine Co-operative Medium-Term Development Plan (PCMTDP) 2011-2016 was crafted, the co-operative related activities of relevant government institutions were perceived to be not clearly laid down, attuned and synchronized with the PCMTDP. The specific roles of the stakeholders and the point of convergence in the execution of their respective programs were not clearly articulated in the plan document. For this reason, it is believed that the structure and mechanism to effectively implement the co-operative programs of various government agencies need be emphasized so as to make

²² Based on the 2013 data submitted by reporting co-operatives using statistical polynomial extrapolation

those programs complement and respond to the overall development direction of the co-operatives in the country.

5. Situationer

To shepherd the formulation of the co-operative plan, it is important to determine the state of affairs of Philippine co-operatives and the status of current initiatives. Presented below are pertinent facts and figures:

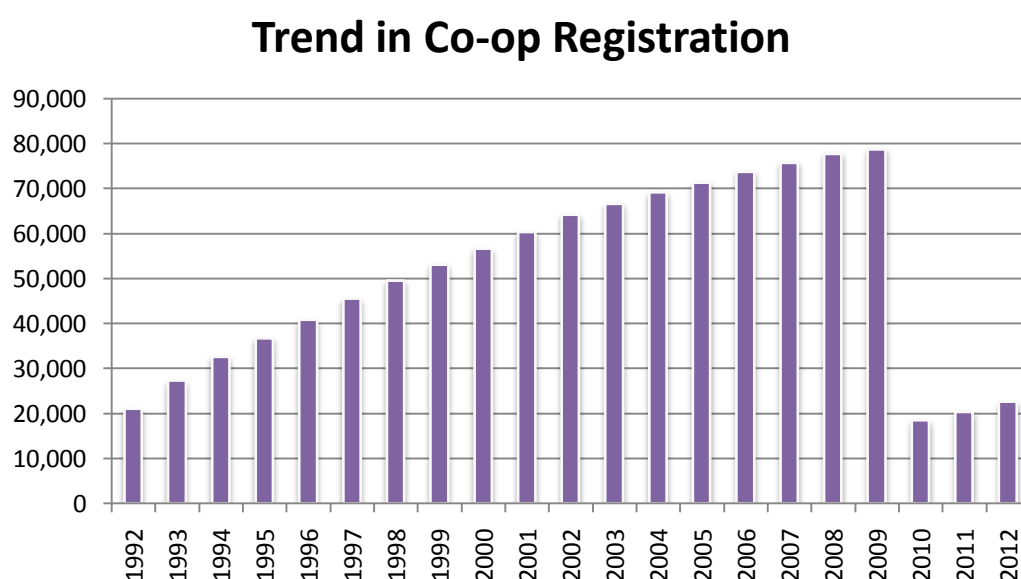
a. Status of the Co-operatives

The total number of registered co-operatives nationwide is 24,432 (Table 3). Only 39% of them were able to submit Annual Report and Audited Financial Statements for the fiscal year 2013. Table 4 shows that only 7,935 or 36% of the 22,233 micro and small co-operatives were able to submit reports (Table 4). The data show that the financial and economic data of the 61% registered co-operatives, which are not submitting annual report and audited financial statements, are not yet included in the aggregate picture of the Philippine co-operatives. It can be inferred that most co-operatives were not able to come up with the required reports either because of their inability to cope up with reporting standards and requirements of law, have already ceased operation, or in the process of dissolution and liquidation.

As of 2013, the aggregate assets of reporting co-operatives reached PhP239.38 Billion (Table 5) and they have an aggregate volume of business of PhP255.6 Billion (Table 6).

When the new Philippine Cooperative Code of 2008 was enacted, the co-operative registry was cleansed from a high of 71,000 to 18,000 registered co-operatives (2009). Since then, the phase of co-operative registration slowed down because of the more stringent requirements of the new law compared to the previous.

Figure 2. Trend in Co-operative Registration from 1992 to 2012, Philippines



b. Regulatory Initiatives

The current performance standard for co-operatives is PISO (Profitability Performance, Institutional Strength, Structure of Assets, Organizational Strength). This is a supplement to the existing COOP PESOS (Compliance, Organization and Management, Operation, Plans and Program – Portfolio Quality, Efficiency, Stability, Operation and Structure of Assets) for co-operatives engaged in lending and deposit-taking activities. The preparation of the Financial Report is governed by the Standard Chart of Accounts and the Philippine Financial Reporting Standards.

The current reportorial tool in monitoring co-operative activities is the Co-operative Annual Performance Report (CAPR). The said report is supplemented by the Performance Audit Report, Social Audit Report, List of Training Attended/Undertaken by Co-operative Officers, and the Audited Financial Statements.

It is worth mentioning that all of the aforementioned tools are uniformly applied to all co-operatives regardless of classification whether they are micro, small, medium or large co-operatives.

b.1. Regulatory Partners

The CDA has continuing inter-agency collaboration with the following as regulatory partners:

- b.1.1. *Bangko Sentral ng Pilipinas* for Co-operative Banks and Financial Service Co-operatives;
- b.1.2. Insurance Commission for Insurance Co-operatives;
- b.1.3. DOTC/OTC for Transport Service Co-operatives;
- b.1.4. NWRB for Water Service Co-operatives;
- b.1.5. NHA/HLURB/HUDCC for Housing Co-operatives and Co-operative Housing Program;
- b.1.6. National Electrification Administration (NEA) for Electric Co-operatives;
- b.1.7. National Dairy Authority (NDA) for Dairy Co-operatives;
- b.1.8. Department of Labor and Employment (DOLE) for Workers and Labor Service Co-operatives;
- b.1.9. Department of Agrarian Reform for Agrarian Reform Community Co-operatives; and
- b.1.10. Bureau of Internal Revenue (BIR) for taxation on co-operatives

b.2. Existing IRR is Proposed for Revision

The existing Implementing Rules and Regulation (IRR) of the Philippine Co-operative Code of 2008 (RA 9520) has been revisited, evaluated and revised. The final draft was submitted to the Joint Congressional Oversight on Committee on Co-operatives (JCOCC) and still pending for approval. For the past three years, the CDA had issued 59 Memorandum Circulars to address specific concerns in the implementation of the RA 9520.

c. Development Assistance

Since the passage of the Cooperative Code of 1990 (RA 6938), the CDA had been providing

loans to co-operatives out of the funds transferred from the defunct Bureau of Agricultural Cooperative Development (BACOD) and the Cooperative Development Loan Fund (CDLF). Such lending function was halted with the issuance of Executive Order 138 on August 10, 1999 calling all Government Non-Financial Agencies (GNFAs) to veer away from direct or indirect lending. The remaining funds amounting to P40 million were transferred to QUEDAN Guarantee Corporation (QUEDANCOR). All collections out of the outstanding loans receivables in the ensuing years which totals to P73 million were remitted to the National Treasury. Over the years, co-operatives sourced all their financial needs from other financial institutions.

In the recent years, the technical assistance rendered by the agency is confined to the provision of technical guidance in the registration of co-operatives. In some instances the CDA provides resource persons to lecture on co-operative laws and policies in trainings conducted by other partner institutions. In short, the direct development intervention of the CDA is constricted to a mere “go-between” the co-operative beneficiaries and the institutions which offer services to co-operatives.

For four years now, the awards and recognition program coined as Gawad Parangal has been on-going to drumbeat the best practices and good governance of exemplary co-operatives, leaders and partner institutions. This is to institutionalize the recognition of best practices and good governance of co-operatives, partners and co-operative leaders.

d. Coordination with Other Agencies

As a result of the narrowing of the scope of and support on the development initiatives of the CDA to co-operatives, CDA entered into partnerships with other government agencies which have programs on co-operatives through Memoranda of Agreements (MOAs) to attend to the development needs of micro and small co-operatives. The following agencies have existing MOAs with CDA:

- c.1. Department of Agrarian Reform (DAR) for the capability of building of and technical assistance to ARB Co-ops;
- c.2. Department of Environment and Natural Resources for capability building of and technical assistance to Co-operatives in upland communities;
- c.3. Department of Agriculture for development of agricultural co-operatives;
- c.4. Philippine Coconut Authority (PCA) for promotion, organization and capacity building of Small Coconut Farmers Co-ops and Organizations; and
- c.5. Intellectual Property Office (IPO) for implementation of Geographical Indication Initiatives through co-operatives

The National Co-operative Coordinating Committee on Co-operative Promotion and Development (NCCCPD) which is composed mainly of national government agencies with co-operative programs is the mechanism supposedly charged with the duty to ensure that the said partnerships remain sustainable. However, there is much to be desired in the effectiveness of such mechanism. The conduct of meetings and other activities of NCCCPD are not regularly done due to funding constraints.

In addition to those agencies where the CDA has existing MOAs, the CDA has inter-agency collaboration on the following:

- c.6. National Anti-Poverty Commission (NAPC) – CDA as partner agency;

- c.7. National Agriculture and Fishery Council (NAFC) – CDA as member;
- c.8. Micro, Small, Medium Enterprises Committee – CDA as member;
- c.9. Quedan Corporation Board – CDA as member;
- c.10. Anti-Money Laundering Council – CDA as member;
- c.11. Remittance Development Council – CDA as member;
- c.12. National Law Enforcement Committee – CDA as member;
- c.13. LBP Gawad Pitak Search – CDA as member of NSC and Board of Judges;
- c.14. Agricultural Credit and Policy Council as partner;
- c.15. National Water Resource Board Ring Fencing Program – CDA as partner agency;
- c.16. Philippine Information Agency for the production of AVP Advocacy Materials;
- c.17. Department of Trade and Industry on the Philippine Business Registry ;
- c.18. Department of Finance (DoF) – CDA as member of the Revenue Cluster;
- c.19. Department of Science and Technology (DOST) on Medium Term ICT Harmonization Initiative (MITHI) and eGov Masterplan;
- c.20. Philippine Commission on Women (PCW) on mainstreaming Gender and Development (GAD) Program; and
- c.21. Key Shelter Agencies (NHA, HUDCC, HULRB, DBP, LBP, SSS, GSIS) on Housing co-operative programs.

e. International Linkages and Participation to Related International Events

On occasional basis, the CDA participated in the program/activities of the following international organizations:

- e.1. International Co-operative Alliance -- CDA was a Co-Chair in Philippine Committee for the 2012 International Year of Co-operatives;
- e.2. ASEAN Center for the Development of Agricultural Co-operatives (ACEDAC) -- CDA is a member and participant in the international conferences;
- e.3. Network for Development of Agricultural Co-operatives (NEDAC) – CDA is a member and participant in the international conferences;
- e.4. Asia Pacific Rural and Agricultural Credit Association (APRACA) – CDA is the Philippine government coordinating agency for co-operatives;
- e.5. World Council of Credit Unions (WOCCU) – CDA is a participant in the international conferences;
- e.6. Asian Confederation of Credit Unions (ACCU) -- CDA is a participant in the international conferences;
- e.7. Asian Productivity Organization (APO) -- CDA is a participant in the international conferences; and
- e.8. ASEAN Women in Co-operative Forum – CDA is an active partner in mainstreaming GAD-related activities

f. Training Service Providers

As of April 2014, CDA has accredited 184 Training Service Providers nationwide for the mandatory training requirements of the co-operatives under law. CDA has also established working partnerships with 19 State and Private Universities and Colleges (SUCs) thru MOAs for the conduct of Training of Trainers of Accredited Training Service Providers nationwide.

g. Accreditation of Co-operative External Auditors

As of May 31, 2014, CDA has accredited 1,013 Individual Certified Public Accountants (CPAs) and 184 Audit Firms to render external financial audit services to co-operatives nationwide.

h. Conflict Resolution

The present mode of conflict resolution on co-operatives is through mediation, conciliation and voluntary arbitration. There are 80 recognized Mediators and Conciliators and 68 Accredited Voluntary Arbitrators nationwide who can be tapped in settling intra and inter co-operative, federation and union disputes.

6. The Plan

a. Time Frame

The plan spans six-year period. Although some activities have started as early as 2014, the timeframe of the Plan is 2015-2020. In transition, the programs and activities in the updated PCMTDP (2014-2016) which are aligned in principle with this plan shall be considered part of the integrated and comprehensive co-operative plan and shall continue until 2016. After the completion of the PCMTDP (2011-2016), this integrated plan shall steer the next planning cycles.

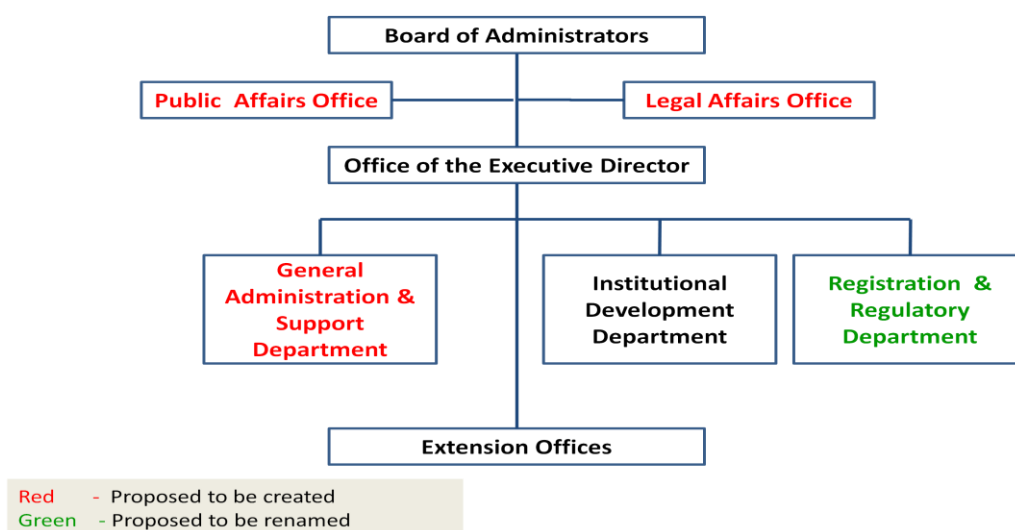
b. Strengthening the Administrative Machinery of the CDA

The re-structuring of the administrative machinery of the Cooperative Development Authority shall take top priority among the strategies to effect a meaningful collaboration, harmonization and implementation of all initiatives under the CDA Vision 2020.

b.1. The organizational chart below shall be proposed:

Figure 3. The Proposed Organizational Chart

Strengthening CDA by Re-engineering the Administrative Structure



The following are the features of the proposed structure:

- Creation of Public Affairs Office under the Board of Administrators to strengthen the advocacy and public/media relations
- Creation of Legal Affairs Office under the Board of Administrators to render Advisory Services on external and internal legal issues
- Creation of General Administration and Support Department (GASD) to place the existing Planning, Finance, Administrative and MIS Unit under the umbrella of that department to strengthen the support programs within the ambit of the integrated co-operative plan
- Renaming of the Legal and Registration Department into Registration and Regulatory Department to strengthen the regulatory services and implement the balance approach on co-operative development and regulation.

b.2. Proposed Programs/Projects/Activities

- Preparation of Draft Executive Order Re-structuring CDA
 - Creation of Technical Working Group
 - TWG Meetings and Conferences
 - Top Level Meetings/Conferences
- Preparation and Submission of CDA Re-structuring/Reorganization Plan
- Recruitment, Selection, Placement of personnel for vacant proposed positions
- Human Resource Development and Training
 - Intensive training for the existing technical personnel on development of various types of co-operatives
 - Capability-building on program and project management for existing personnel
 - Specialized trainings on regulations of various types of co-operatives
 - Pre-service training for newly hired personnel
- Maintenance of ISO Certification of CDA CO and all 14 CDA EOs and expansion of certification for Tacloban Extension Office
- Planning and Performance Assessment Conferences
- Professional Development thru attendance in national and international conventions and forums
- Review and enhancement of existing Merit and Selection Plan (MSP) and the System of Ranking and Promotion (SRP)
- Review and Enhancement of Scholarship Grant and Awards (local & foreign)
- Review and Enhancement of Program on Awards, Incentives for Service Excellence (PRAISE)
- Development of Human Resource Plan/Career Development Plan
- Design and development of Field Operations Manual for Co-operative Development Specialists

b.3. Policy Measure Required:

- Issuance of an Executive Order Restructuring CDA

Strategic Goal

- A Re-engineered fully functioning CDA Structure with full manpower complements by 2015 until the end of the plan period

c. **Strengthen the Consultative Mechanisms to Various Sectors**

The mechanism of consultations thru the National Co-operative Summit (NCS), National Co-operative Development Council (NCDC) and National Tripartite Conference (NTC) must be enhanced so that the priorities of each group/type of co-operatives shall be considered in the formulation of the over-all plans and programs for co-operatives. The outputs of the mechanisms shall be used as major inputs in the crafting of the co-operative plans and programs of the government agencies for the target client-co-operatives. The harmonization of programs and projects of the government agencies on co-operative promotion and development shall be coursed through the NCCCPD to ensure that there is no overlapping of programs and activities of the government agencies to the same group of beneficiaries.

c.1. Proposed Consultative Mechanism

Figure 4. Proposed consultative mechanism



The convergence of ideas and program strategies of the co-operative sector and government agencies through National Policy Guidance Forum shall create a window of opportunity to bring the needs of the co-operatives to government policy-makers. The National Cooperative Summit (NCS) shall focus on issues and challenges confronting the whole co-operative sector. It should identify workable remedies to bridge the gap between the existing situation and the desired directions. The concerns of each co-operative cluster of industries (i.e., agriculture, utilities, housing, banking and finance, education, etc.) shall be tackled in sectoral co-operative congresses and the agreements reached thereon shall be subsequently reported in NCS plenary. All summit agreements shall be discussed, tackled and refined in the plenary for eventual submission to policy-makers for proper disposition.

The outputs of the NCS that require identification and prioritization of programs and commitment of government agencies shall be submitted to the NCCCPD for transmission to the concerned government agencies. The NCCCPD shall ensure the regularity of meetings and conferences to come up with realistic action points with definite time line. In the preparation of the PCMTDP, the NCCCPD shall exert an active role since the chunk of funds for the projects shall primarily be sourced from government. This is also to

ensure that the programs and activities of co-operatives are aligned with the thrusts and priorities of the government.

The Public Affairs Office of the CDA shall consider the co-operative plans and programs in its information dissemination program to the public. As far as practicable, the updates and progress thereof shall be posted in the CDA website and the corollary social networking sites.

c.2. Proposed Programs/Projects/Activities

- Formulation of Policy and Procedural Guidelines on CDCs and NCCCPD
 - Creation of Technical Working Group
 - TWG Meetings and Conferences
 - Consultative Conferences
- Conduct of Biennial Summits, Annual Sectoral Congresses including Regional Co-op Congresses
- Conduct of activities commemorating the Centennial of the Philippine Co-operatives.
- Continuing implementation and monitoring of P/P/A embodied in the updated PCMTDP
- Regular conduct of CDCs (National, Regional, Provincial, City/Municipal) and NCCCPD meetings
- Design, Printing and reproduction of Information, Education and Communication Materials on co-operative plans, programs and projects
- Quad Media Campaign on Blueprint for Co-operative Decade 2020 and the Integrated Co-operative Plan (CDA Vision 2020)
- Institutionalization of the structure and mechanisms for the implementation of integrated co-operative programs.
- Institutionalize participation and active linkages/involvement in the international co-operative organizations, if feasible, CDA as member of ICA. International commitment must be documented and submitted to the National Economic Development Authority or the appropriate agency of the GOP.
- Revisiting the old Memorandum of Agreement with the DILG and in the process, improve the stipulations to make the institutional partnership workable in mainstreaming the LGUs on co-operative system.
- Institutionalization of formal collaboration with regulatory partners through Memoranda of Agreements
- Formulation of parameters by NCCCPD on the selection and identification of the target beneficiaries of financial and technical assistances
- Formulation of terms of reference for partnerships and formal agreements between and/or among-partner agencies of the CDA. The key point of responsibilities of each party to a Memorandum of Agreements shall be highlighted. Specifically, the following concerns must be pursued with partner agencies:
 - Enhancement of Education, Information Materials on Electric Co-operatives
 - Campaign for the organization and transport service co-operatives among JODAs and TODAs
 - Enhancement on the policies on workers and labor service co-operatives
 - Enhancement of existing programs on co-operative housing
 - Mainstream the water service co-operatives to the standards of “Ring Fencing Project”

c.3. Required Policy Measures:

- Amendment of EOs 95 & 96 Series of 1993
- Amendment of Memorandum Circulars on CDCs and NCCCPD

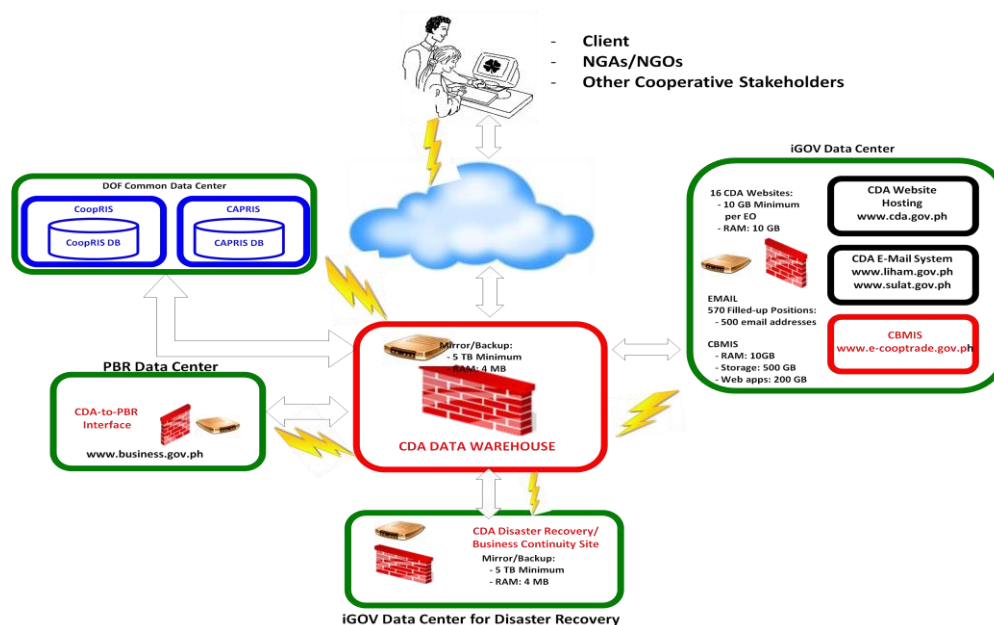
Strategic Goal

- An effective, efficient and responsive structure and mechanism of consultation, formulation, implementation and monitoring of integrated and comprehensive plan for co-operatives

d. Creation of National Co-operative Data and Information Repository.

d.1. Since the data and information are essential components of plan formulation and the monitoring of progress of its implementation, there is a need to establish a National Co-operative Data and Information Repository (NCDIR) for an efficient system of data/information gathering, storage, retrieval, processing and dissemination. The design of CDA ICT architecture (IA) and the development of CDA Data Warehouse for this purpose hinges on strengthening of the data management and information system of the CDA not only as the lead agency in co-operative promotion and development but also as the repository of co-operatives facts and figures in the country. The diagram below is the envisioned interface of CDA's information system with relevant partner government institutions.

Figure 5. National Co-operative Data and Information Repository (NCDIR)



d.2. Proposed Programs/Projects/Activities

- Strategic Planning on National Co-operative Data and Information Repository
 - Consultative conferences and meetings
 - Alignment of policies of users

- Requirement Definition
- Study of existing Information System (Manual and Computerized)
- Analysis Phase
- Outsourcing of services of IT Professionals
- Systems Analysis and Design
- Construction
- Implementation and Finalization
- Documentation

Strategic Goals

- Fully functional National Co-operative Data and Information Repository (NCDIR) by 2015

e. Development of Micro and Small Co-operatives (MSCs)

The strategy to develop the micro and small co-operatives is two-pronged: First, there should be a rationalized regulatory environment on reportorial requirements by simplifying the tools and instruments for these co-operatives during their infancy and development stages, and to allow them to gradually appreciate the rigors of standards before they graduate into a higher co-operative category. Second, there should be a coordinative system of infusion of assistance, financial, technical or otherwise to avoid duplication of developmental interventions by the relevant partner government agencies catering to the same group of beneficiaries.

While there is no disagreement with regard to the definition of financial assistance, there is a need to distinguish the type of technical assistance CDA may provide to co-operatives over the type of technical assistance that technical departments of government may provide in order to establish clear and measurable success indicators. The CDA technical assistance may be in the form of training in the areas of co-operative laws and regulations, capacity building on reportorial compliance and other related issuances.

e.1. Rationalize the Reportorial Requirements

Seventy-six percent (76%) of the registered co-operatives in the country belong to the micro enterprise category (asset-size is PhP 3 million and below). The number of micro co-operatives submitting the required reports is 39% (9,615 out of 24,432) in 2013 which reflects the inability of micro co-operatives to submit the required reports. Because of their small asset size, their resource is limited to pay the required audit fees. This contributed to the low compliance rate. It is just logical that those co-operatives that have assets of not more than P500,000 and operating for not more than two years may be exempt from the submission of the Audited Financial Statements (AFS). This is to allow them to set up their office with full-time staff who shall install the recording and accounting system during the infancy stage. In lieu of the AFS audited by the accredited CPAs, the financial statements may be certified by the Audit Committee of the co-operative. (See Table 7. Breakdown of Micro Co-operatives by Asset Range).

The streamlining of the reportorial requirements should include the consolidation of several reports into one report to be called as Co-operative Annual Progress Report (CAPR) for purposes of compliance with the requirement of law. As far as practicable, the micro co-operatives (especially those whose assets do not reach beyond

P500,000) may be exempt from the submission of Social Audit Report for five years from the date of registration since their activities are concentrated to enterprise development; they don't have income yet for community development. Compared to other co-operatives, they are yet to accumulate the Community Development Fund out of the net surplus, a legitimate source of fund to finance social related activities. There shall be different reporting instruments on Performance Audit and Social Audit Reports suited to micro co-operatives.

The financial assistance infusion to small and micro co-operatives must be supplemented with technical assistance, particularly on institutional capacity building, enterprise development and management.

e.2. Rationalize the Education and Training Requirements for Officers

The continuing review and enhancement of the existing standard training curriculum for officers of co-operatives must be pursued vigorously. There shall be a series of multi-sectoral conferences among the government (CDA, CHED, TESDA and DepED), co-operative sector (PCC and other Federations and Union), and the academe (SUCs and Private Universities and Colleges) on Strategic Co-operative Education Plan that will discuss broad range of concerns on co-operative education and training.

e.3. Proposed Programs/Projects/Activities

- Implementation of the Revised IRR of RA 9520
 - Design, printing and production of Information, Education and Communication (IEC) Materials
 - Quad Media Campaign
 - Conduct of Forums
- Reclassification and/or identification of co-operative cluster groups for specific types of co-operatives
 - Design and Finalization of Reportorial tools and instrument
 - Design, printing and production of Information, Education and Communication (IEC) Materials
 - Quad Media Campaign
 - Conduct of Forums
- Enhancement of the computer-based on-line Co-operative Annual Progress Reports (CAPR)
 - Study of existing Information System (Manual and Computerized), Analysis Phase, Outsourcing of services of IT Professionals, Systems Analysis and Design, Construction, Implementation and Finalization, Documentation
- Laboratory Co-operatives Program
- "Big-brother-to-small-brother" Co-operative Assistance Program
- Development of standards and curriculum for mandatory training for micro and small co-operatives
- Capacity building of officers and committee members of co-operative
- Coordination with other government institutions/SUCs on the conduct of the following interventions catering on micro co-operatives with special concerns on agrarian reform beneficiaries co-operatives, small coconut farmers, fishermen co-operatives, agricultural co-operatives and dairy co-operatives:

- Technical assistance in the preparation of reports and compliance with the standards.
- Entrepreneurial Training focusing on scanning business opportunities and preparation of projects proposals.
- Training on modern production techniques and introduction of appropriate technologies
- Training on product and market development
- Scholarship grant and assistance for potential leaders of agricultural co-operatives through exposure to successful co-operatives in ASEAN Countries
- Conduct of *Gawad Parangal*
 - Showcase success cases of micro and small co-operatives per region with corresponding write-ups on highlighting the best practices and good governance together with appropriate documentation.
- Mainstreaming co-operativism among DSWD's Conditional Cash Transfer (CCT) Program Beneficiaries
- Gender and Development Awareness Training program
- Promotion of amalgamation, merger and consolidation of small business units with similar products, processes and nature of business
- Development of information system for on-line market place for marketing agricultural co-operative products thru e-Coop Trade
- Promotion of value-chain approach in co-operative system for complementation of production, processing, marketing (distribution) and financial co-operative systems and enhancement of existing structures and support mechanisms
- Standardization, connectivity and integration of technology and research and development initiatives for global competitiveness of the co-operatives
- Development of brand for products produced by agricultural co-operatives
- Formation of federated structure for agricultural co-operatives based on products and nature of business towards the establishment of one national federation of agricultural co-operatives
- Identify specific intervention measures to improve co-operative governance and performance by linking the training and technical assistance to financial assistance offered by Government Financial Institutions (GFIs).
- Consolidate assets/resources transferred to CDA from the defunct Bureau of Cooperative Development (BCOD) to be used for the program, projects and activities in developing agricultural co-operatives
- Include in the classification of co-operative agriculture co-operatives and to re-classify types of co-operatives to reflect major groups
- Identification of projects and detailed activities per region with the corresponding number and names of micro and small co-operatives to be covered and the description of projects.

e.4. Policy Measures Required:

- Board of Administrators' Resolution adding the agricultural co-operative as one among the types of co-operatives enumerated under Republic Act 9520
- Amendment of the IRR of 9520 and formulation of corresponding guidelines and subsequent issuance of Memorandum Circulars

Strategic Goal

- 50% of micro co-ops graduated to small enterprise category by the end of 2020. (Baseline figures: 2013)
- 50% of small co-ops graduated to medium enterprise category by the end of 2020. (Baseline figures: 2013)

f. Flexing the Co-operative Regulation

There are about 489 large co-operatives (assets of P100 million and above) comprising about 2% of the total number of co-operatives in the country. They have multiple services not only to members but to non-members as well. The size of membership, volume of business and assets-holding necessitate a closer look at the operation of these co-operatives to make sure that the interests of the members and the public are protected.

f.1. Proposed Programs/Projects/Activities

- Development of standards and requirements for the conduct of PMES for groups applying for co-operative registration
- Enhancement of the Economic Survey format and contents as one of the documents used as basis of action for application for registration
- Formulation of rules and procedures in the conduct of field validation of vital information prior to the registration of co-operatives
- Formulation of comprehensive rules and procedures in the grant of fiscal and non-fiscal incentives including the availment of tax exemptions of co-operatives
- Enhancement of rules and procedures in the conduct of inspection, supervision and examination and investigation including the design of tools, instruments and report-templates
- Enhancement of the feedback mechanism on registration process and technical assistance provided
- Development of Procedural Guidelines on the determination of extent of transactions to members and non-members
- Development of Policy Guidelines on the disposition of Statutory Funds
- Formulation and development of Code of Good Governance for co-operatives
- Enhancement of the template Model By-laws to integrate Gender Equality issues
- Formulation of format of Co-operative Annual Progress Report (CAPR) for the following secondary co-operatives:
 - Co-operative Bank
 - Co-operative Insurance
 - Federation
 - Union
- Establishment of liquidity, investment and stabilization fund
- Strengthening support mechanisms for Credit Information bureau within the ambit of Credit Information System Act (CISA) RA 95101
- Formation of Assets and investment groups for co-operatives
- Promotion of electronic financial servicing for the savings and credit co-operatives to draw the co-operatives into the mainstream of financial system;
- Strengthening of Co-operative Banking Sector thru amalgamation and lobby for the passage of Co-operative Banking Act
- Streamline the inspection instrument by types of co-operatives

- Pursue the enhancement of IT processes to facilitate the inspection and examination activities
- Rationalize the issuance of Certificate of Good Standing (CGS) by renaming it as Certificate of Compliance to eliminate the mistaken notion that the CGS is the seal of good housekeeping
- Include in the classification of co-operative agriculture co-operatives and to re-classify types of co-operatives to reflect major groups of co-operatives nationwide and enhance mechanism in monitoring thereof

f.2. Policy Measures Required:

- Board of Administrators' Resolution amending the corresponding policies on CGS and the eventual issuance of corollary Memorandum Circulars
- Amendment of the IRR of 9520 and formulation of corresponding guidelines and subsequent issuance of Memorandum Circulars

Strategic Goal

- 100% of all types of co-operatives are inspected and compliant with the existing laws rules and procedures by 2020. (Baseline figures: 2013)

g. Strategies for Strengthening the Co-operative Education System

The International Co-operative Alliance espouses that co-operatives must educate and train their members, officers and employees to enable them to contribute effectively to the development of their co-operatives.²³ The Philippine Cooperative Code of 2008 provides for the mechanism in generating funds for the purpose.²⁴ In spite of the efforts in the past, the challenges of having a meaningful education program to develop co-operatives are still hounding the sector. The failure of co-operative education is attributed to several factors such as weak institutional structure²⁵ and inadequacy of education in terms of substance and quality.²⁶

There must be a sustainable and holistic cooperative education system as important component of integrated co-operative plan. The following are the proposed strategies:

- g.1. Formulation of Strategic Co-operative Education Development Program
- g.2. Standardization of co-operative training curriculum development for each enterprise category
- g.3. Development and production of education and training materials in national language and local dialects
- g.5. Establishment of central library and historical archive for Philippine Co-operatives
Rationalization of the use of the Co-operative Education and Training Fund
- g.6. Development of research agenda on co-operatives

²³ Co-operatives Principles and Practices in 21st Century. p 44

²⁴ Republic Act 9520, Article 86 par. 2

²⁵ Cited by Mark A. Van Steenwyk, Co-operatives in the Philippines: A Study of Past Performance Current Status and Future Trends, p 43

²⁶ Cited by Romulo M. Villamin, Co-operative Education in the Philippines: Meeting the Challenge of Real Development p 2

- g.7. Development of other modalities for co-operative education (e.g., distance education, e-Learning, etc.)
- g.8. Explore specific action points in mainstreaming co-operative subjects in basic school curriculum
- g.9. Laying down the ground works for the eventual formation of Co-operative College
- g.10. Proposed Programs/Projects/Activities
- Formation of TWG for the crafting of Strategic Co-operative Education Development Program
 - Meetings and conferences
 - Formation of TWG for Standardization of co-operative training curriculum development for each enterprise category
 - Meetings and conference
 - Design, development and printing of education and training materials in local dialects
 - Identification of partner SUCs/Feds/Unions
 - Meetings and conferences
 - Construction of Annex Building for the establishment of central library and historical archive for Philippine Co-operatives
 - Design of systems and procedures
 - Inventory of materials
 - Design of structures
 - Construction and acquisition of necessary facilities
 - Rationalization of the use of the Co-operative Education and Training Fund by creation of Management Committee composed of CDA, Co-operative Sector and the Academe
 - Coordinating conference with relevant SUCs, Feds, Unions on the development of research agenda on co-operatives
 - Coordinating conference with relevant SUCs, Federations, Unions on the following:
 - development of other modalities for co-operative education (e.g., distance education, e-Learning, etc.)
 - identification of specific action points in mainstreaming co-operative subjects in basic school curriculum
 - laying down the ground works for the eventual formation of Co-operative College
- g.11. Policy Measures Required:
- Board of Administrators' Resolution Memorandum Circulars on the disposition of CETF

Strategic Goal

- Co-operative College initiated by 2020

h. Strategies for Strengthening the Co-operative Audit System

One of the powers of the CDA under its charter is to require the co-operatives to submit annual financial statements audited by a Certified Public Accountant.²⁷ The Philippine Cooperative Code of 2008 explicitly provides that the CPA who shall render audit services must be accredited both by the Board of Accountancy and the CDA.²⁸ As of May 31, 2014, the CDA has accredited 1,197 individual CPAs and audit firms qualified to render audit services to all registered co-operatives in the country.

- h.1. Development of computer-based Co-op Audited Financial Statement Information System (CAFSIS) for effective and efficient monitoring of the co-op financial performance and the adequacy of services of accredited co-op external auditors
- h.2. Institutionalization of events for strengthening partnership with PICPA and updating, capacity building of accredited CPA
- h.3. Matching/referrals of external auditors to conduct free audit to the small co-operatives in the area
- h.4. Exempt micro co-ops in the submission of Audited Financial Statement by independent CPA, instead the Financial Statements audited by the co-operative's Audit Committee will suffice
- h.5. Review/enhancement of the guidelines for accreditation with incentive program for the external auditors to rationalize audit fees
- h.6. Build partnership with the co-operative federations and unions, local government units and government organizations on providing assistance and capacity building program to primary co-operatives, especially the micro and small co-operatives in terms of financial recording, installation of books and related concerns to establish systematic bookkeeping and recording to lessen high cost of audit fees
- h.7. Proposed Programs/Projects/Activities
 - Regular Quarterly Conference with PICPA Committee on Co-operatives
 - Participation with Annual PICPA Convention
 - Formulation of Policy and Procedural Guidelines on exempting the micro co-operatives in the submission of AFS
 - Development of Co-operative Audited Financial Statement Information System (CAFSIS) for on-line submission of reports by the co-operatives and establishment of data-base for monitoring of Accredited Co-operative External Auditor

²⁷ Republic Act 6939, Section 3 par. (f)

²⁸ Republic Act 9520, Article 80 par. (2)

- Strategic Planning on CAFSIS
 - Consultative conferences and meetings
 - Alignment of policies of users
 - Requirement Definition
 - Study of existing Information System (Manual and Computerized)
 - Analysis Phase
 - Outsourcing of services of IT Professionals
 - Systems Analysis and Design
 - Construction
 - Implementation and Finalization
 - Documentation

h.8. Policy Measure Required

- Amendment of IRR, BOA Resolution and Issuance of MC

Strategic Goal

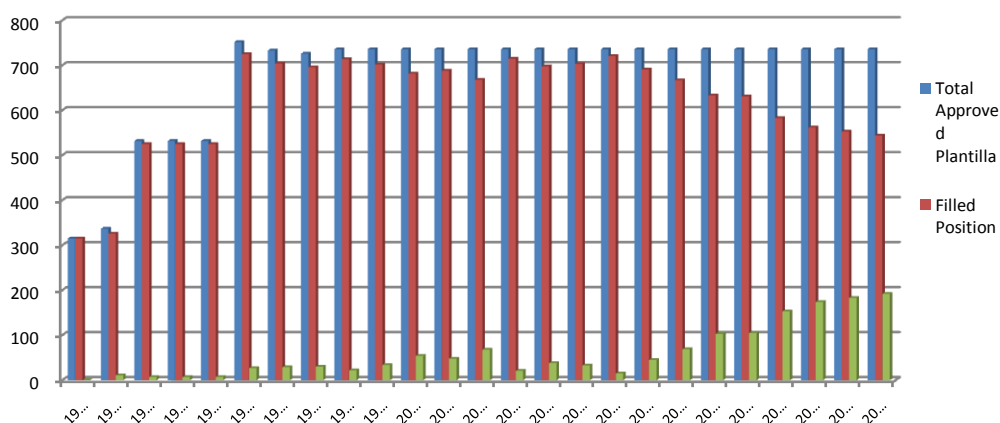
- Integrated Audit System for Co-operatives in the Philippines

7. Implications of the Programs

a. On manpower requirement

The scope and magnitude of coordinative and facilitative efforts expected from the CDA as the lead agency to orchestrate those strategies and programs require the realignment of priorities as an institution. The filling-up of all vacant positions (funded or unfunded) is an indispensable necessity to roll out those programs and come up with particular projects in the field. The present programs and activities of the agency have already taken an extra toll on talent and energies of the existing officers and personnel thru multi-tasked responsibilities. At present, the CDA is operating at the level of 544 warm bodies out of 736 approved plantilla positions.

Figure 6. Trend of Manpower Complement from 1990 -2014



b. On the budget of the CDA

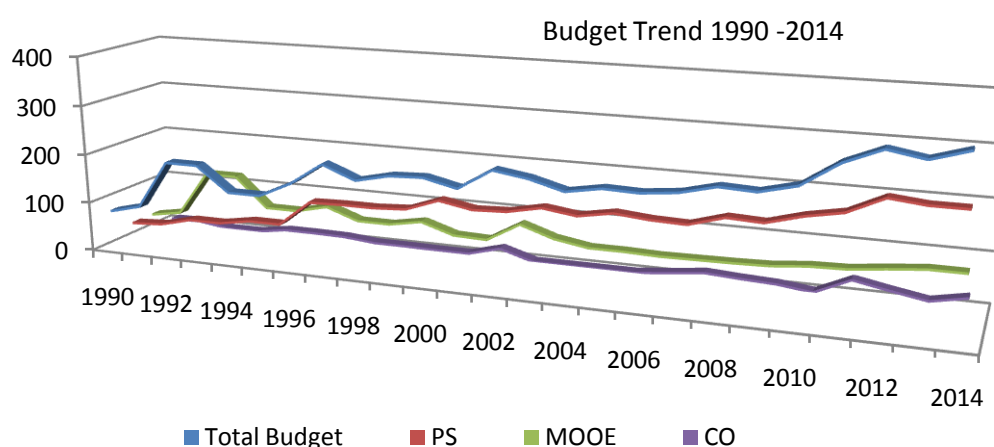
All efforts should be exerted so that the Department of Budget and Management (DBM) allowing CDA to use the fund originally intended for lending (e.g., CDLF, CDRLF, SLF, CMP, QUEDANCOR Fund, etc.) thereby enabling the CDA to effectively perform its development and regulatory functions. The CDA proposes that the money that had been remitted to the Treasury be used to finance some of the programs and projects such as the following, to wit:

- P73 million Special Loan Fund
- P500 thousand claims from PDIC from the closure of Ilo-Ilo Co-operative Banks
- P20 million from QUEDANCOR (part of the QUEDANCOR-CDA Lending Fund)

For capability building programs for micro and small co-operatives, more particularly the creation of a Co-operative College, the unremitted funds to apex organization by the co-operatives are a potential source of fund which may amount to hundred millions of pesos. The federations and Union shall play a pivotal role in the initiatives of the CDA to use moral suasion in convincing their affiliate-primary co-operatives to partake in the rationalization of the use of their respective CETF specially the portion that supposed to be remitted to the apex organization.

Figure 7 illustrates the trend on how the program and activities of the CDA were funded by the General Appropriation Act from 1990 to 2014. Over the years, the budget of the Cooperative Development Authority has not significantly increased and apparently incommensurate to the magnitude of its mandate and functions as chief implementer of the Cooperative Code. The increase in the budgetary allocation is only enough to augment the requirements for salary adjustments as a result of salary standardization.²⁹ With the corresponding support from the national government, the realization of the goals and objectives in this integrated plan will be achievable.

Figure 7. Budget Trend from 1990 to 2014



²⁹ Joint Senate and House of Representatives Resolution No. 4 dated June 17, 2009. Joint Resolution Authorizing the President of the Philippines to Modify the Compensation and Position Classification System of Civilian Personnel and the Base Pay Schedule of Military and Uniformed Personnel in the Government, and for other Purposes

c. On strengthening MIS unit

The envisioned National Co-operative Data and Information Repository (NCDIR) is anchored on the designing of ICT Architecture (IA) to develop a data warehouse that will serve as source of timely, relevant and accurate information to aid the planners and decision-makers in the discharge of their responsibilities. With this requirement, the capacity building for the MIS unit of the CDA is of urgent importance. The CDA has initially submitted the enhanced Information System Strategic Plan (ISSP) with the budgetary requirement of P22.4 million for 2015.

The support for the development of IT processes will hasten the implementation of the programs, projects and activities which would result into a clear grasp of the state of affairs of the Philippine co-operative movement.

8. Expectations by 2020

- a. Private/co-operative sector is adequately guided by government policies and programs on co-operatives;
- b. Cohesive government initiatives in providing services to client-co-operatives
- c. CDA harmonizes the private sector initiatives and government policies and programs on co-operatives in the pursuit of social justice and economic development
- d. Comprehensive education and training program for capacity building of manpower/HRD in co-operatives, both private and government
- e. Harmonized delivery of technical, financial and other services of government for co-operative promotion and development
- f. Co-operatives as engine of growth, poverty reduction, social justice and food security

9. Conclusions

This CDA Vision 2020 serves as the roadmap that ushers-in the identification of strategies (blue print) that would propel Philippine Co-operatives as vital engines for economic growth. As we brace the era of globalization of economy, we are cognizant that every sector of the society, co-operatives included, must give its humble share in laying the foundation for the graduation of the Philippines as developing economy to a developed status in the community of nations. As potent grassroot organizations venturing in social enterprises and relevant economic undertakings, co-operatives offer opportunities to increase the number of micro and small enterprises which will serve as the backbone of national economy.

We cannot overemphasize that helping the micro and small co-operatives shall enliven the proverbial adage: "Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime."

Giving assistance and support to co-operatives to help them building their capacitating themselves in managing their enterprises shall mean that we are in effect teaching them how to become self-reliant and active participants in socio-economic development. By harnessing their collective and organizational capacities, co-operatives will not be looked upon by the government as passive spectators in nation building but rather as active and indispensable players in the process of development.

TABLES

Table 1. Distribution of Aggregate Combined Deposits of Reporting Co-operatives Enterprise Category, As of December 31, 2013, Philippines

ENTERPRISE CATEGORY	Aggregate Combined Deposits
Large Co-operatives ³⁰	54,021,143,202.36
Medium Co-operatives ³¹	5,509,200,570.61
Small Co-operatives ³²	1,481,393,853.76
Micro Co-operatives ³³	35,942,727,926.89
Total	PhP 96,954,465,553.61

Table 2. Distribution of Aggregate Combined Paid-up Capital of Reporting Co-operatives Enterprise Category, As of December 31, 2013, Philippines

ENTERPRISE CATEGORY	Aggregate Combined Paid-up Capital
Large Co-operatives	PhP 41,948,021,334.61
Medium Co-operatives	17,438,357,703.09
Small Co-operatives	6,672,193,641.65
Micro Co-operatives	4,945,633,689.22
Total	PhP 71,004,206,368.57

Table 3. Regional Distribution of Registered and Reporting Co-operatives, As of September 8, 2014, Philippines

REGION	REGISTERED CO-OPS ^a	% TO TOTAL	REPORTING CO-OPS ^b	% TO CO-OPS REGISTERED
Region 01	1,441	6%	701	48.65%
Region 02	983	4%	325	33.06%
CAR	851	3%	491	57.70%
Region 03	2,370	10%	1,178	49.70%
NCR	2,497	10%	1,255	50.26%
Region 04	2,865	12%	1,553	54.21%
Region 05	924	4%	289	31.28%
Region 06	1,512	6%	474	31.35%
Region 07	1,683	7%	692	41.12%
Region 08	734	3%	101	13.76%
Region 09	868	4%	336	38.71%
Region 10	1,665	7%	584	35.08%
Region 11	1,891	8%	839	44.37%
Region 12	1,198	5%	368	30.72%
CARAGA	1,202	5%	415	34.53%
ARMM	1,748	7%	14	0.80%
Grand Total	24,432	100%	9,615	39.35%

Source: ^aCoopRIS As of September 8, 2014^bReporting Co-operatives – CAPRIS Encoded Data As of August 31, 2014³⁰ Large Co-operatives with asset size of more than P100 million³¹ Medium Co-operatives with asset size of more than P15 Million up to P100 Million³² Small Co-operatives with asset size of more than P3 Million up to P15 Million³³ Micro Co-operatives with asset size of P3 Million and Below

Table 4. Total Number of Reporting Co-operatives by Enterprise Category, As of August 31, 2014, Philippines

ENTERPRISE CATEGORY	Number Reporting
Large Co-operatives	382
Medium Co-operatives	1,298
Small Co-operatives	2,498
Micro Co-operatives	5,437
Total	9,615

Table 5. Distribution of Aggregate Assets of Reporting Co-operatives by Enterprise Category, As of December 31, 2013, Philippines

ENTERPRISE CATEGORY	Aggregate Assets
Large Co-operatives	PhP 168,679,974,509
Medium Co-operatives	48,321,973,823
Small Co-operatives	17,330,621,808
Micro Co-operatives	5,050,376,633
Total	PhP 239,382,946,772

Table 6. Distribution of Aggregate Volume of Business of Reporting Co-operatives Enterprise Category, As of December 31, 2013, Philippines

ENTERPRISE CATEGORY	Aggregate Assets
Large Co-operatives	PhP 162,466,317,995.89
Medium Co-operatives	57,785,135,369.96
Small Co-operatives	23,617,108,732.79
Micro Co-operatives	11,711,246,929.78
Total	PhP 255,579,809,028.42

Table 7. Breakdown of Micro Co-operatives by Asset Range, As of December 31, 2013, Philippines

ASSETS	NO. OF MICRO CO-OPERATIVES	% TO TOTAL MICRO CO-OPERATIVES
Less than 100 T	7,224	40%
100 T - 500 T	5,006	28%
500,001 to 1 M	2,367	13%
1,000,001 to 3 M	3,498	19%
TOTAL	18,095	100%