



COOPERATIVE DEVELOPMENT AUTHORITY

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MEMORANDUM CIRCULAR NO. 2021- 11

Series of 2021.

SUBJECT : GUIDELINES GOVERNING THE ORGANIZATION AND REGISTRATION OF COOPERATIVES TO BE ESTABLISHED BY YOUTHS

Pursuant to the powers vested by Republic Act No. 11364 or the "Cooperative Development Authority Charter of 2019" and Republic Act No. 9520, otherwise known as the "Philippine Cooperative Code of 2008," the Authority hereby issues this memorandum circular recognizing cooperatives to be organized by youths and promulgating the guidelines for their registration.

Article 1. Title

This Memorandum Circular shall be known as the "**GUIDELINES GOVERNING THE ORGANIZATION AND REGISTRATION OF COOPERATIVES TO BE ESTABLISHED BY YOUTHS.**"

Article 2. Legal Bases

Article 2 of RA No. 9520

"Art. 2. Declaration of Policy.

It is the declared policy of the State 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. xxx"

Section 4 (c) of RA No. 11364

"Section 4. Powers, Functions and Responsibilities. – The Authority shall have the following powers and functions:

(c) Register all cooperatives including amendments to the Articles of Cooperation and Bylaws (ACBL), division, merger, and consolidation;"

Article 3. Purposes

This Memorandum Circular shall have the following purposes:

1. To recognize cooperatives organized by youths because of the role that cooperatives play in fostering empowerment among the youth through self- organization and development which can help solve the high unemployment rate, lack of modest work, precarious work and other challenges;

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2. To provide guidelines for their orderly registration in compliance with the requirements provided under RA No. 9520, its Implementing Rules and Regulations (IRR) and other pertinent laws;
3. To develop and promote youth cooperatives in the Philippines as agents of positive change for peace and sustainable human development process; and
4. To support RA No. 10679, or the "*Youth Entrepreneurship Act*," in promoting the sustainable development of young entrepreneurs and encourage the entrepreneurial spirit among the youth.

Article 4. Coverage

This Guidelines shall govern the organization and registration of all types of cooperatives established by youth.

Article 5. Definition of Terms

As used in this Guidelines, the following terms shall mean:

- a.) Area of Operation –Refers to the area where the cooperative operates and where its members come from as provided for in their Articles of Cooperation and By-laws¹;
- b.) Associate Member – refers to a member of a cooperative who opts to continue to be a member upon reaching the age of 36. He/she has no right to vote nor be voted upon but is entitled to limited rights, privileges and membership duration as provided in the By-laws of the cooperative, the Philippines Cooperative Code of 2008, and its Implementing Rules and Regulations;
- c.) Authority – refers to the Cooperative Development Authority;
- d.) Authorized Share Capital – refers to the capitalization of the cooperative as provided in the Articles of Cooperation and as approved by the Authority;
- e.) Bond of Membership – refers to the conditions where members group themselves to attain their common goals and objectives which may either be residential, occupational, associational and institutional²;
- f.) Cooperative - refers to an autonomous and duly registered association of persons, with a common bond of interest, who have voluntarily joined together to achieve their social, economic, and cultural needs and aspirations by making

¹ Section 2 (3) Revised Implementing Rules and Regulations Implementing Certain and Special Provisions of the Philippine Cooperative Code of 2008

² Section 2 (7) Revised Implementing Rules and Regulations Implementing Certain and Special Provisions of the Philippine Cooperative Code of 2008

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 principles³;

- g.) Economic Survey – refers to a general statement describing, among others, the structure and purposes of the proposed cooperative⁴;
- h.) Registration – refers to the operative act of the Authority in granting juridical personality to a proposed cooperative and is evidenced by a Certificate of Registration;
- i.) Regular Member – refers to one who has complied with all the membership requirements and is entitled to all the rights and privileges of membership;
- j.) Share – refers to a unit of capital, the par value of which may be fixed at any figure not less than One Hundred Pesos (Php100.00) but not more than One Thousand Pesos (Php 1,000.00) which is divisible by One Peso (Php1.00) and may be divided into common and preferred share capital⁵.
- k.) Share Capital – refers to the money paid or required to be paid by the members for the conduct of the business operation of the cooperative as provided for in the By-Laws;
- l.) Youth - refers to those persons whose ages range between eighteen (18) to thirty (35) years old⁶.
- m.) Youth Cooperative – refers to cooperatives established by youths.

Article 6. General Requirements

1. **Membership.** Fifteen (15) or more natural persons, Filipino citizens, aged eighteen (18) to thirty-five (35), with a common bond of interest and residing or working in the intended area of operations, may organize a youth cooperative. Upon reaching the age of thirty six (36), he/she ceases to be a regular member and shall become an associate member. Associate members of a youth cooperative may form its Board of Elders to provide guidance and advice to the youth cooperative.
2. **Capitalization.** The youth cooperative shall be organized with an authorized share capital provided 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: *Provided*, that in no case shall the paid-up share capital be less than Fifteen Thousand Pesos (P15,000.00).

³ Article 3, RA 9520 or the Philippine Cooperative Code of 2008

⁴ Article 11, RA 9520

⁵ Article IV (f) CDA MC No. 2020-24, Series of 2020

⁶ Youth Network Formation. The International Cooperative Alliance (ICA), 2003

Article 7. Submission of Documentary Requirements. Original copies of the following documents shall be submitted to the Authority by those intending to form a youth cooperative:

- 7.1 Economic Survey⁷ (3 copies);
 - 7.2 Articles of Cooperation which shall be signed by all the cooperators on each and every page (3 copies);
 - 7.3 By-laws which shall be signed by at least a majority of all the members on the adoption page (3 copies);
 - 7.4 Treasurer's Affidavit (3 copies);
 - 7.5 Surety Bond of Accountable Officers (1 original copy and 2 certified photocopies);
 - 7.6 Certificate of Pre-Registration Seminar (PRS) (1 original copy and 2 certified photocopies);
- The approved system-generated registration documents shall be printed by the applicant in 8.5 x inch-size white bond paper and forward the same to the concerned regional office;
- 7.7 Favorable endorsement from other regulatory agencies, if necessary.

Article 8. Area of Operation

- 8.1. The area of operation of the cooperative may either be national, inter-regional, regional, provincial and city/municipal.
- 8.2. However, the cooperative may be allowed to expand its area of operation to nationwide only after two (2) years of operation with proof of increasing net income.

Article 9. Bond of Membership

- 9.1 There are four (4) categories of bond of membership, namely:
 - Residential – members aged eighteen (18) to thirty-five (35), working and/or actually and physically residing in the same place.
 - Institutional – members aged eighteen (18) to thirty-five (35) consisting of employees, workers and/or officers of a particular institution.
 - Associational – members aged eighteen (18) to thirty-five (35) who come from a registered and/or recognized association, group, club, fraternity, religious group, cultural and other similar aggrupation. Recognized association refers to a legitimate aggrupation of persons which is validated to be publicly known in

⁷ Article 11 RA 9520

a particular community and is able to present a certification from an applicable government entity or substantial proof of visible activity in the community; and

- Occupational – members aged eighteen (18) to thirty-five (35) who come from the same or allied profession or occupation.

9.2 The cooperative can adopt only one common bond of membership.

Article 10. Name of Cooperative

10.1 The name of the youth cooperative shall include the word "youth" before the type of cooperative e.g. Young at Heart Youth Marketing Cooperative or Masigasig Youth Consumers Cooperative

10.2 No cooperative shall be allowed to use a name that is identical or deceptively Or confusingly similar to that of any existing cooperative, contrary to public policy, morals or existing laws.

10.3 The use of the words development, integrated, incorporated, corporation, company, incorporation, partnership, or other similar connotations, or the use of federation, union, Philippines and Pilipinas in the name of a proposed primary cooperative is likewise prohibited unless it is a part of the registered name of the association or institution where the members of the proposed cooperative come from.

10.4 The name of a cooperative shall not be written in all capital letters, except if it is an acronym or the name of a registered corporation, partnership, association, or foundation. The use of special characters in the proposed cooperative name is not allowed and the number of characters should not exceed 100 including the acronym, if using one.

Article 11. Common and Preferred Shares

11.1 The share capital of a cooperative may consist of common share capital and/or preferred share capital, if the latter is provided under the cooperative's Articles of Cooperation. Should the cooperative decide to have common and Preferred shares, statement to that effect should appear in the Articles of Cooperation, specifying the amount of shares to be offered as common shares and preferred shares. However, it is recommended that only common shares be offered.

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

11.3 The preferred share capital shall not exceed twenty-five percent (25%) or one-fourth (1/4) of the total authorized share capital of the cooperative.

11.4 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 share capital.

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

Article 12. Bonding Requirements of Accountable Officers/Employees of the Cooperative

In order to meet any contingency that may arise in the operation of a cooperative, accountable officers/employees of a cooperatives shall submit a surety bond for the faithful performance of their functions in accordance with Articles 14(5) and (56) of RA 9520, as follows:

- a. Chairperson
- b. Treasurer and cashier;
- c. Manager;
- d. Warehouseman;
- e. Loan/deposit collectors;
- f. Signatories of checks and other financial instruments; and
- g. 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.

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 net worth 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.

Article 13. Jurisdiction

All applications for registration of youth cooperatives shall be filed with the CDA regional office (RO) having jurisdiction over the principal office of the proposed cooperative.

Article 14. Period to Approve an Application for Registration and Period to Appeal

14.1 An application for registration must be disposed of by the Authority within the period stated in the Citizen's Charter from the time of filing of complete documentary requirements. Otherwise, the application is deemed approved, unless the cause of the delay is attributable to the applicant.

14.2 In case of a denial by the regional office, an appeal may be filed by the applicant with the CDA Head Office within ten (10) working days from receipt of the Notice of Denial.

14.3 In case of a denial by the Authority, an appeal may be filed with the Office of the President within ninety (90) days from receipt of the Notice of Denial.

- 14.4 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.

Article 15. Validation Requirement

- 15.1 Prior to registering the cooperative, the concerned regional office shall conduct a validation to ensure that the requirements for application for registration of youth cooperatives are complied with and in order.
- 15.2 The conduct of validation is governed by the provisions of MC No. 2020-11, Series of 2020⁸ and any other succeeding issuances of the Authority modifying or repealing the said MC.

Article 16. Separability Clause

If any provision of this Memorandum Circular is declared null and void or unconstitutional, the other provisions not affected thereby shall continue to be in force and effect.

Article 17. Repeal

All previous circulars and/or guidelines issued by the Authority which are inconsistent with this are repealed or modified accordingly.

Article 18. Effectivity

This Memorandum Circular shall take effect after fifteen (15) days following the completion of its publication in the Official Gazette.

Approved by the CDA Board of Directors pursuant to Resolution No. 312, s.2021 dated July 21, 2021.

Date: September 9, 2021

For the Board of

Directors: By:

USEC. JOSEPH B. ENCADO
Chairman

Cooperative Development Authority

⁸ Guidelines Supplementing CDA Memorandum Circular (MC) No. 2015-01, Memorandum Circular No. 2015-11, and Memorandum Circular No. 2016-05 on the Conduct of Validation of Applications for Registration of Cooperatives, Amendments to the ACBL and Establishment of Branches and Satellite Offices of Cooperatives