



## COOPERATIVE DEVELOPMENT AUTHORITY

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MEMORANDUM CIRCULAR NO. 2022 - 05  
Series of 2022

**SUBJECT : GUIDELINES ON THE RELEASE OF FINANCIAL ASSISTANCE/GRANT TO MICRO COOPERATIVES AFFECTED BY CALAMITIES AND DISASTERS**

### Section 1. RATIONALE

The government has made its primary commitment to cause the growth and development of the Filipino people through cooperatives. Various agencies act collectively towards the achievement of unified goals of recognizing the cooperative as an important organization that contributes to economic development.

As the lead government agency in the promotion and development of cooperatives, the Cooperative Development Authority (CDA) shall synchronize the efforts of other government institutions towards the common goal of empowering cooperatives to become instruments of equity, social justice and economic development. One of the CDA's mandate under RA 11364 or the CDA Charter of 2019 is, to administer all grants and donations exclusively intended for cooperatives coursed through the Authority for cooperative development.

In most cases, financial grants and donations are provided to cooperatives which are on its development stage or those at the micro and small categories needing assistance and support to start and or sustain their operation.

Cooperatives which experienced devastation brought by calamities and disasters should be given priority for any assistance and support, especially financial assistance. They need to recover and rebuild their system and operation for the benefit of its members.

Recent developments however, brought to the fore the need to also provide financial support to micro cooperatives that are severely affected by calamities and disasters for them to recover and rebuild their systems and operations for the benefit of its members and the community where they operate.

Against this backdrop, CDA has embarked on a program to provide financial assistance/grant to cooperatives severely affected by calamities and disasters in the country.

### Section 2. LEGAL BASIS

- a. Article 2 of the Philippine Cooperative Code of 2008 (RA 9520), declares the policy of the state to foster the creation and growth of cooperatives as practical vehicle for promoting self-reliance and harnessing people power towards the attainment of economic development, equity and social justice;
- b. RA No. 11364, Section 2, paragraph 4, **Declaration of Policy** - The government and all its branches, subdivisions, instrumentalities and agencies shall continue to provide



technical guidance, financial assistance and other services to enable the cooperatives to develop into viable and responsive economic enterprises towards a strong cooperative movement, free from condition which infringes upon the objective and character of cooperatives.

- b. RA No. 11364, Section 4. *Powers, Functions and Responsibilities*. -The Authority shall have the following powers and functions:
- (b) Formulate, adopt and implement integrated and comprehensive plans and programs on cooperative development consistent with the national policy on cooperatives and establish an integrated framework on cooperative development for all government agencies;
  - (m) Administer all grants and donations exclusively intended for cooperatives coursed through the Authority for cooperative development, without prejudice to the right of cooperatives to directly receive and administer such grants and donations upon agreement with the grantors and donors thereof;

### **Section 3. QUALIFIED BENEFICIARIES**

Beneficiaries of the program shall possess the following minimum qualifications:

- 1. duly registered cooperatives under RA 9520;
- 2. accredited by the CDA per Memorandum Circular 2020-09;
- 3. belong to micro cooperatives category
- 4. with no unliquidated financial assistance with the CDA;

### **Section 4. PURPOSE OF THE FUND ASSISTANCE**

The fund shall be utilized for the following purposes:

- 1. Restoration and repair of a cooperative's office or business establishment;
- 2. Replacement of damaged office supplies, equipment and inventories;
- 3. Consumer inventories;
- 4. Replenishment of biological assets and inventory of agricultural produce;
- 5. Additional capital for relending purpose;
- 6. Other purposes as approved by the CDA Board.

### **Section 5. APPLICATION FOR FINANCIAL ASSISTANCE**

The following documents shall be submitted in the application for financial assistance/grant:

- 1. Resolution by the Cooperative's Board of Directors requesting for financial assistance from the CDA with the following information:
  - a. Purpose of the financial assistance
  - b. Name and designation of officer to transact business with CDA



2. Project proposal detailing the type of project and the components that needs funding assistance;
3. Certificate of Accreditation issued by the CDA as Cooperative Beneficiaries of CDA Administered Grants and Donations Involving Public Funds and Properties; and
4. Notarized Memorandum of Agreement (MOA) between CDA and cooperative beneficiary
5. Audited Financial Statement for the last three (3) years in accordance with Memorandum Circular 2019-04 or the Guidelines Governing the Submission of Required Reports for Micro Cooperatives for cooperatives which has been in operation for less than three (3) years, financial reports for the year in operations and proof of previous implementation of similar projects.

#### **Section 6. PROCEDURES FOR THE RELEASE OF FUNDS**

1. CDA Regional Office verifies whether the cooperative is eligible as beneficiary of the fund assistance. If the identified cooperative beneficiary is eligible, the cooperative should be informed to submit the required documentations for accreditation;
2. Once the application for accreditation has been approved, the cooperative beneficiary shall submit the following documents specified in Section 5 of this Guidelines;
3. The Regional Office shall conduct validation of the applicant cooperative relative to verification of the information indicated in the project proposal. The report together with the details of the findings and recommendations shall be submitted to the Regional Director.
4. Upon receipt of the application and complete supporting documents from the cooperative beneficiary, the CDA shall conduct briefing to the beneficiary prior to the release of the funds to explain:
  - the contents of the MOA in order for the cooperative to be fully aware of their duties and responsibilities relative to the funds including the sanctions for non-compliance on the provisions of the MOA;
  - how to fill out the liquidation and other reports to be submitted to CDA
5. Preparation and execution of Memorandum of Agreement (MOA) between the CDA and the cooperative beneficiary for this purpose
6. Process the documents and release the check to the cooperative beneficiary;
7. Cooperative beneficiary shall issue Official Receipt upon receipt of financial assistance/grant

## **Section 6.1. Documentary Requirements**

The following are the documents required for the release of financial assistance/grant:

1. From the cooperative:

- a) Approved Summary of Budgetary Requirements detailing the items of expenditure/disbursement to be incurred in the program or project;
- b) Accreditation Certification of the Cooperative by the CDA;
- c) Resolution by the Cooperative's Board of Directors requesting for financial assistance from containing the purpose of the financial assistance and designation of officer to transact business with CDA;
- d) Project Proposal approved/signed by officers detailing the type of projects and the components that needs funding assistance and the equity concerned of the cooperatives
- e) Certificate of Compliance issued by the CDA;
- f) Authenticated copies of the Certificate of Registration, latest Articles of Cooperation and By-laws with CDA
- g) Copy of Audited Financial Statement for the past three (3) years preceding the date of project implementation;
- h) Memorandum of Agreement (MOA) between the CDA and cooperative beneficiary;
- i) Cooperative's certification that it has equity equivalent to at least 20% of the total project cost, which shall be in the form of labor, land for project site, facilities, equipment and the like, to be used in the project;
- j) Proof of similar projects undertaken, if any, indicating the source of funds for their implementation accompanied by the following a.) List of Projects undertaken, b.) Project reports, c.) Photographs as evidence of the project undertaken, and d.) Certification issued by the funding organizations/institutions for previous projects undertaken that the project has been completed and liquidated; and
- k) Official Receipt as evidence to the receipt of funds from the cooperative beneficiary

2. From the Cooperative Development Authority

- a. Routing Slip with Control Number
- b. Obligation Request and Status



- c. Disbursement Voucher
- d. List of priority projects which may be implemented by the cooperatives published in the newspaper, agency website, bulletin board and the like
- e. Results of evaluation of financial and technical capability of selected cooperative
- f. Certification from the Accountant that the previous cash advance granted to cooperative has been liquidated, liquidation documents are post-audited and properly taken up in the books

The Memorandum of Agreement shall incorporate the following terms and provisions:<sup>1</sup>

- Project name, intended beneficiaries, benefits to be delivered, project cost estimates, brief description of the project and its site or location;
- Time schedules for the release of funds, periodic inspection/evaluation, reporting monitoring requirements, date of commencement and completion;
- Submission of the required periodic financial and physical status reports;
- Specific period to liquidate the funds granted;
- In case of construction projects, the cooperative shall conduct simple bidding or canvass to ensure the best terms and quality of purchase;
- Monitoring and inspection of project implementation and verification of financial records and reports by CDA;
- Visitorial audit by the officials and personnel of COA authorized to perform the audit;
- Institution of legal action by CDA against the defaulting cooperative which fails to complete a project covered by the MOA;
- In case of the dissolution of the recipient cooperative, voluntary or involuntary, the lien of CDA on its assets, in accordance with existing laws, to the extent of the unexpended or unutilized portion of the fund;
- Maintenance of the cooperative of a separate savings/current account for each fund received from CDA; and
- The return by the cooperative to CDA of any amount not utilized to complete the project, including interest, if any.

## **Section 7. LIQUIDATION OF FINANCIAL ASSISTANCE/GRANT**

The following are the documentary requirements in the liquidation of funds shall be submitted to CDA within thirty (30) days after the completion of the project:

- a) Final fund utilization report, indicating the summary of expenses and the status report of accomplishments, certified by the accountant, approved by the Chairman of the cooperative and verified by the internal auditor or equivalent official of the cooperative;
- b) Pictures of implemented projects;

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<sup>1</sup> Section 2 COA Circular 2012-01

- c) Inspection Report and Certificate of Project Completion issued by CDA;
- d) List of beneficiaries with their signatures signifying their acceptance/ acknowledgment of the project/funds/goods/services received, if any;
- e) Proof of verification by the CDA of the validity of the documents submitted by the Cooperative;
- f) Official Receipt issued by CDA acknowledging the return by the cooperative of any unutilized/excess amount of cash advance, including interest, if any;
- g) List of equipment procured by the cooperative beneficiary out of the project funds indicating its brief description, date acquired, acquisition cost and final disposition;
- h) Warranty for procurement of equipment; and
- i) In case of dissolution of the recipient cooperative in addition to the OR acknowledging return of unutilized amount, a copy of the vouchers paid by the cooperative.

## **Section 8. MONITORING**

The cooperative beneficiary and the CDA Regional Office shall undertake the following to ensure the proper utilization of funds and completion of projects that are the subject of financial assistance/grant:

- The cooperative shall submit progress reports, as indicated in the MOA, to the CDA Regional Office having jurisdiction over them.
- The Cooperative Development Specialist (CDS) assigned in the area shall be responsible to monitor the project. He/she must monitor based on the approved project proposal. Any deviation in the use of funds of the project shall be reported immediately. In case of any violation of the Agreement, the authority shall demand refund of the whole amount of the released funds;
- The CDS shall submit a progress report during the implementation of the project;
- The cooperative shall submit a terminal report and Certificate of Completion after the completion of the project. After receiving proof of the completion of the project, the CDA Regional Office shall issue a Certificate of Acceptance to the cooperative beneficiary; and
- The CDA Regional Office shall submit status of fund releases and monitoring reports to the CDA Head Office.

## **Section 9. PROHIBITIONS**

No portion of the funds granted to cooperatives shall be used for the following:<sup>2</sup>

- a) Money market placement, time deposit or other forms of investment;
- b) Cash advance of any official of the cooperative unless related to the implementation of the project;
- c) Payment of salaries, honoraria or any form of allowances of the personnel of the cooperative;
- d) Acquisition of assets of the cooperative unless necessary for the implementation of the project and specifically stated in the MOA;
- e) Any other purpose other than the original purpose stated in the MOA.

## **Section 10. SANCTIONS**

The following sanctions may be imposed for any violation of the provisions of this Guideline and the MOA:

- a. Demand the refund of unused funds or savings after project completion as well as disallowed amounts after financial audits;
- b. Initiate appropriate actions against the cooperative for material violations of the provisions of the MOA;
- c. Reserves the right to initiate civil/criminal actions against any Director, Officer, or employee of the cooperative for any violation of any provision of the MOA.

## **Section 11. EFFECTIVITY**

Effectivity. This Circular shall take effect fifteen (15) days following the completion of its publication in the Official Gazette and the filing of the copy thereof with the Office of the National Administrative Register (ONAR).

Approved by the CDA Board of Directors pursuant to Res. No. 106, S-2022 dated February 11, 2022.

Issued this 21st day of February, 2022. Quezon City

For the Board of Directors:

  
**USEC. JOSEPH B. ENCABO**  
Chairperson

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<sup>2</sup> Section 6 COA Circular 2007-01



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## CERTIFICATION

This is to certify that \_\_\_\_\_ (Name of Cooperative) \_\_\_\_\_, a duly registered cooperative under RA 9520, with office address at \_\_\_\_\_ is a beneficiary of the Financial Assistance/Subsidy granted by the Cooperative Development Authority for those cooperatives severely affected by Super Typhoon Odette.

This is to certify further that the cooperative has no outstanding/unliquidated financial assistance/subsidy and cash advances and that funds previously transferred to the cooperative beneficiary, if any, has been liquidated and accounted for in the books.

This certification is issued upon the request of \_\_\_\_\_ (Name of Cooperative) \_\_\_\_\_, for the purpose of availing the above stated financial assistance/subsidy.

Given this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
CDA Accountant

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## CERTIFICATION

This is to certify that \_\_\_\_\_ (Name of Cooperative), a duly registered cooperative under RA 9520, with office address at \_\_\_\_\_ is a beneficiary of the Financial Assistance/Subsidy granted by the Cooperative Development Authority for those cooperatives severely affected by Super Typhoon Odette.

This is to certify further that the cooperative-beneficiary has equity equivalent to at least 20% of the total project cost, which is in the form of \_\_\_\_\_ (e.g. labor, land and project site, facilities, equipment and the like) for the proper implementation of the project.

This certification is issued upon the request of \_\_\_\_\_ (Name of Cooperative), for the purpose of availing the above stated financial assistance/subsidy.

Given this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
CEO/General Manager

Approved for the Board of the Directors:

\_\_\_\_\_  
Chairperson

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