

426-103



# COOPERATIVE DEVELOPMENT AUTHORITY

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## MEMORANDUM CIRCULAR NO. 2022 - 27 Series of 2022

### SUBJECT: GUIDELINES ON THE RELEASE OF FINANCIAL ASSISTANCE/GRANT IN CONFLICT AFFECTED AREAS OF MARAWI CITY AND LANAO DEL SUR

#### Section 1. 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;

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 2. QUALIFIED BENEFICIARIES

Beneficiaries of the program shall possess the following minimum qualifications:

1. Duly registered cooperatives of CDA/ Cooperative and Social Enterprise Authority (CSEA) majority of the members of which are farmers and fisherfolks operating in the Province of Lanao del Sur including Marawi City
2. Accredited by CDA/CSEA
3. With no unliquidated financial assistance with the CDA.

#### Section 3. PURPOSE OF THE FUND ASSISTANCE

The fund shall be utilized for the following purposes:



1. Crop production,
2. Procurement of farm and fishing equipment, machineries, tools, farm inputs and implements,
3. Construction of grain warehouse for rice/corn mill/ farm machinery shade, products landing/display center, dug-out fishpond, fish hatchery/nursery building and water reservoir to support fish culture,
4. Working capital for agriculture and fishery trading/buy and sell,
5. Other purposes as approved by the CDA Board.

#### **Section 4. APPLICATION FOR FINANCIAL ASSISTANCE**

The following documents shall be submitted in the application for financial assistance/grant to the office of the Regional Director of CDA Region Office X in Cagayan de Oro City through the CDA Marawi Satellite Office:

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. Audited Financial Reports for the past three years preceding the date of project implementation. For cooperatives which have been in operation for less than three (3) years, financial reports for the years in operation and proof of previous implementation of similar projects.
4. Certificate of Compliance issued by the CDA/CSEA. A Certification to be issued by the Provincial CSEA indicating that COC is on-process and that the requirements submitted are complete and in order may be submitted in lieu of the COC which is issued by the Regional CSEA. Note that prior to the release of fund stated in Section 5.2(e) hereof, the COC is a requirement.
5. Notarized Memorandum of Agreement (MOA) between CDA and cooperative beneficiary
6. Certificate of Accreditation issued by the CDA Regional Office designated by the CDA Board.
7. Copy of Official Receipt as evidence to the receipt of funds from the cooperative beneficiary.

#### **Section 5. PROCEDURES FOR THE RELEASE OF FUNDS**

The following shall be the procedures on 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 apply and submit the required documentations for accreditation;



2. Once the application for accreditation has been approved, the cooperative beneficiary shall submit the following documents:

- 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/CSEA;
- f) Authenticated copies of the Certificate of Registration, latest Articles of Cooperation and By-laws issued by CDA/CSEA.
- g) Copy of Audited Financial Reports for the past three years preceding the date of project implementation. For cooperatives which have been in operation for less than three (3) years, copy of financial reports for the years in operation and proof of previous implementation of similar projects.
- h) Memorandum of Agreement (MOA) between the CDA and cooperative beneficiary. The Memorandum of Agreement shall incorporate the following terms and provisions:

1. Project name, intended beneficiaries, benefits to be delivered, project cost estimates, brief description of the project and its site or location;
2. Time schedules for the release of funds, periodic inspection/evaluation, reporting monitoring requirements, date of commencement and completion;
3. Submission of the required periodic financial and physical status reports;
4. Specific period to liquidate the funds granted;
5. In case of construction projects, the cooperative shall conduct simple bidding or canvass to ensure the best terms and quality of purchase;
6. Monitoring and inspection of project implementation and verification of financial records and reports by CDA;
7. Visitorial audit by the officials and personnel of COA authorized to perform the audit;
8. Institution of legal action by CDA against the defaulting cooperative which fails to complete a project covered by the MOA;
9. 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;

10. Maintenance of the cooperative of a separate savings/current account for each fund received from CDA; and

11. The return by the cooperative to CDA of any amount not utilized to complete the project, including interest, if any.

- 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

### 3. 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

- 4. If there are farm machineries and equipment items in the project proposal of a cooperative, instead of cash assistance, the items are to be released to the concerned cooperative, after undergoing procurement under RA 9184
- 5. Documents of disapproved application will be returned to the concerned cooperative with an explanation letter why it is being disapproved.

## **Section 6. LIQUIDATION OF FINANCIAL ASSISTANCE/GRANT**

The following 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 treasurer, approved by the Chairman of the cooperative and verified by the internal auditor or equivalent official of the cooperative



- b) Pictures of implemented projects
- 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) OR issued by CDA acknowledging 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 and acquisition cost,
- h) 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 7. MONITORING**

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

1. Progress reports as indicated in the MOA to the CDA Region X Office
2. 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,
3. The CDS shall submit a progress report during the implementation of the project,
4. Submit a Terminal Report and Certificate of Completion signed by the coop treasurer and approved by the BOD chairman shall be required after the completion 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;
5. The CDA Region Office X shall submit status of fund releases and Monitoring Reports shall be submitted by the Regional Office to the Head Office.

## **Section 8. PROHIBITIONS**

No portion of the funds granted to cooperatives shall be used for the following:

- 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 9. SANCTIONS

The following sanctions may be imposed for any violation of the provisions of this Guidelines 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.

All previous issuances or circulars issued by the authority that are inconsistent herewith are hereby either repealed or amended accordingly.

## Section 10. 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 National Administrative Register (ONAR).

Approved by the CDA Board of Directors on June 8, 2022 per BOD Resolution No. 487, Series of 2022.

Issued this 15th day of September 2022.

For the Board of Directors:

**USEC. JOSEPH B. ENCABO**  
Chairperson

