



COOPERATIVE DEVELOPMENT AUTHORITY

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MEMORANDUM CIRCULAR NO. 2023 - 02
Series of 2023



TO : ALL CONCERNED
SUBJECT : REVISED GUIDELINES ON THE IMPLEMENTATION OF THE KOOP KAPATID PROGRAM

SECTION 1. TITLE

This Memorandum Circular shall be known as the **“Revised Guidelines on the Implementation of the Koop Kapatid Program”**

SECTION 2. LEGAL BASES

The legal bases are the following:

1. Article II, Section 9 of the 1987 Philippine Constitution, states that:

“The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies, adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all.”

2. Section 2 of Republic Act No. 11364, an Act Reorganizing and Strengthening the Cooperative Development Authority Repealing for the Purpose of Republic Act No. 6939, Creating the Cooperative Development Authority, otherwise known as the CDA Charter of 2019, states that:

“It is the declared policy of the State to promote the viability and growth of cooperatives as instruments of equity, social justice, and economic development xxx”.

“The State also recognizes the Cooperative Development Authority (CDA) as primarily responsible for the institutional development and regulation of Cooperatives through a partnership with cooperative sectors. Accordingly, the State recognizes the right of cooperatives to initiate and foster within their own ranks cooperative promotion, organization, training, information gathering, audit, and support services, with government assistance where necessary.”

3. Article 4 (6) of RA No. 9520, An Act Amending The Cooperative Code Of The Philippines to be Known As The "Philippine Cooperative Code Of 2008, states that:

“Cooperation Among Cooperatives – Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.”

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SECTION 3. SCOPE

This Guidelines shall cover the micro and small cooperatives in need of mentorship in the form of management skills, financial, technical, and other forms of assistance for the so-called *beneficiary – cooperative*, and, *partner- cooperatives* from medium and large cooperatives that have the capacity and willingness to render the forms of assistance under this Program. The terms and conditions shall be expressly indicated in the written memorandum of agreement among the parties.

Cooperative federations and unions may participate as partner-cooperative.

SECTION 4. PURPOSE

This Guidelines shall provide policies and procedures that will guide the CDA, the partner cooperatives, and beneficiary cooperatives in the effective implementation of the Program which aims to improve the management, governance, and business operations of cooperatives through the provision of technical, financial, or other forms of assistance.

SECTION 5. DEFINITION OF TERMS

For purposes of this Guidelines, the following terms shall mean or be understood as follows:

- a. **Beneficiary-Cooperative** – refers to micro or small cooperatives which have expressed willingness to be assisted by a partner-cooperative in this Program;
- b. **Community Development Fund (CDF)** – refers to the amount which shall not be less than three percent (3%) of the net surplus of the cooperative. It shall be used for projects or activities that will benefit the community where the cooperative operates;
- c. **Compliant Cooperative** – cooperatives shall be considered compliant under any of the following circumstances: 1) Cooperatives registered with the Authority within the current year; or 2) Cooperatives issued with a valid Certificate of Compliance (CDA MC 2021-15)
- d. **Koop Kapatid Program**– refers to the program of the CDA wherein the “Partner-Cooperative” extends assistance to “Beneficiary-Cooperative.” All assistance arising from this Program shall be covered by a Memorandum of Agreement between a partner-cooperative and beneficiary-cooperative to assist the latter in accelerating its development;
- e. **Partner-cooperative** – refers to operating medium and large cooperatives that have the capacity and willingness to participate in this Program. This may include primary, secondary, tertiary, union of cooperatives, and special types of cooperatives.

SECTION 6. PARTNERS AND BENEFICIARIES OF THE PROGRAM

The partners of this Program are the operating medium and large cooperatives while the beneficiaries are the micro and small cooperatives. Participation in this Program is voluntary in nature and should be covered by a Memorandum of Agreement to be entered into by the partner-cooperative and the beneficiary-cooperative.

SECTION 7. COMPONENTS

The program has the following components:

1. **Provision of Technical Assistance** – This may be in the form of mentoring, coaching, consultancy, and advisory services on various aspects of cooperative management, governance, and business operations.

The terms of technical assistance agreed by the parties as provided in the MOA may include, but not be limited to, the following:

- a. Mentoring, Coaching, Consultancy, and Advisory Services in any of the following areas:
 - Cooperative Annual Performance Report (CAPR)
 - Performance Audit Report (PAR)
 - Social Audit Report (SAR)
 - Operational Policies
 - Recording and Bookkeeping
 - Membership Expansion
 - Savings Mobilization and Capital Build-Up
 - Education and Training Program
 - Human Resource Development and Management
 - Products & Services development and improvement
 - Preparation of Financial Statements
 - Other assistance
 - b. Training/Seminars in any of the following areas:
 - Internal Control System
 - Basic Accounting for Non-Accountant
 - Other relevant training/seminars
2. **Provision of Subsidy/Assistance** – This may be in the form of financial subsidies and assistance, sponsorship in training/seminars/educational and other business exposure activities, or donation of units/items/in-kind related to the various business activities/projects of the beneficiary-cooperatives.;
- The beneficiary-cooperative under this assistance must be compliant and operating for at least two years.
3. **Other Assistance** – Other forms of assistance not categorized as above, but similar to the enumerated components under items 1 and 2 hereof.

SECTION 8. SOURCE OF FUND

Funding for the assistance to be provided by a partner-cooperative shall come from its allocated Community Development Fund (CDF) in accordance with the approved Annual Development Plan.

SECTION 9. MECHANICS OF IMPLEMENTATION

1. The CDA shall conduct information dissemination on the nature, objectives, and mechanics of the Program;
2. The prospective beneficiary-cooperative shall submit to CDA a written communication requesting assistance under the program;
3. The CDA shall validate the status and capacity of prospective beneficiary cooperatives that wish to join the program;
4. The CDA shall endorse qualified beneficiary-cooperatives to partner-cooperative;
5. The CDA shall facilitate the forging of Memorandum of Agreement (MOA) with the interested partner cooperative and beneficiary cooperatives. (Copy of the MOA template is attached hereto as *Annex A.*)

SECTION 10. RESPONSIBILITIES OF THE CDA, THE PARTNER-COOPERATIVE, AND THE BENEFICIARY-COOPERATIVE

THE CDA

1. Disseminate information and provide guidance about the Program to the partner-cooperatives and/or beneficiary-cooperatives;
2. Serve as witness to the MOA between the two parties;
3. Monitor and document the activities and accomplishments of the Program. Require the partner-cooperatives to submit report on the progress of the Program;
4. Recognize the partner cooperatives that have successfully implemented the Program, and the beneficiary cooperatives that demonstrated significant and progressive changes in their performance as cooperative through the assistance made by the partner cooperatives;
5. Perform such other functions as the parties may agree.

THE PARTNER-COOPERATIVE

1. Provide technical assistance, training, or capacity-building activities set forth in item Section 7 hereof for the growth, development, and sustainability of the beneficiary-cooperative/s;
2. Ensure the successful implementation of the partnership agreement;
3. Include the Program in its Annual/Social Development Plan and Budget;
4. Allocate funds and/or provide financial subsidies and assistance to the beneficiary-cooperative/s within its area of operation chargeable against the CDF;
5. Submit a report on the progress of the Program to the concerned CDA Extension Office;

6. Terminate the Agreement in case of violation of its terms and conditions to be reported to the concerned CDA Extension Office;
7. Perform other functions as agreed upon by the parties.

THE BENEFICIARY-COOPERATIVE

1. Participate in all undertakings programmed with the partner-cooperative;
2. Designate a focal person upon whom the partner-cooperative or the CDA can coordinate;
3. Implement the activities/projects under the program;
4. The Board of Directors of the beneficiary cooperative shall ensure the successful implementation of the Program;
5. Allocate necessary resources in the implementation of the activities/projects under the program;
6. Terminate the Agreement in case of violation of its terms and conditions to be reported to the concerned CDA Extension Office; and
7. Perform other functions as agreed upon by the parties.

SECTION 11. RECOGNITION OF COOPERATIVES UNDER THE PROGRAM

The CDA shall recognize participating cooperatives under the program to emulate best practices and encourage the participation of other cooperatives.

The CDA Extension Offices shall conduct an annual recognition ceremony in their respective areas of jurisdiction for participating cooperatives with significant program accomplishments and positive development of cooperative operations.

The documentation and reports submitted in the implementation of the program shall be used as basis for the recognition, through the coordination among CDA Extension Offices, partner cooperative and beneficiary cooperative.

SECTION 12. CRITERIA FOR RECOGNITION OF PARTNER-COOPERATIVES AND BENEFICIARY-COOPERATIVES

The following are the criteria for recognition of cooperatives:

A. Partner-Cooperative:

1. Must have fully satisfied or exceeded the deliverables stated in the MOA; and
2. The successful accomplishment of the partnership agreement is acknowledged by the beneficiary cooperative to have a valuable impact on its governance or operation.

A partner cooperative can be recognized or awarded both by the CDA Extension Office it is registered with and by the CDA Extension Offices that it has participated in.

B. Beneficiary-Cooperatives:

The Cooperative has shown positive growth and development especially in the areas subject to the partnership agreement.

SECTION 13. PROHIBITIONS

1. A partner cooperative is not eligible to invest in the capital structure of a beneficiary cooperative;
2. Financial Assistance shall not be provided to non-compliant cooperatives; and
3. Cooperative Federation and Union cannot be a partner-cooperative to its members.

SECTION 14. MONITORING AND EVALUATION

To ensure the successful implementation of the program, the following shall be observed in monitoring the same:

1. The partner cooperative shall be required to submit a progress report of the program implementation to the CDA Extension Office concerned. The CDA Extension Offices shall then submit a quarterly report to the CDA Head Office through the CPDAD.
2. The CDA Extension Office where the beneficiary-cooperative is registered shall be responsible for the conduct of monitoring of the project. The report shall be furnished to the CDA Extension Office where the partner-cooperative is registered within thirty (30) days from the conduct of the monitoring.
3. The CDA Extension Offices concerned must share information obtained among them for the recognition and awarding of participating cooperatives.

SECTION 15. SEPARABILITY CLAUSE

If any provision of this Guidelines is declared invalid and unconstitutional, the other provisions not affected thereby shall continue to be in force and effect.

SECTION 16. REPEALING CLAUSE

All administrative circulars, rules and regulations, and other issuances inconsistent with the provisions of this Guidelines are hereby repealed and modified accordingly.

SECTION 17. EFFECTIVITY

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

Approved by the CDA Board of Directors on November 9, 2022 per Board Resolution No. 880, S-2022.

Issued this 13th day of January, 2023

FOR THE BOARD OF DIRECTORS:

USEC. JOSEPH B. ENCABO
Chairperson

Handwritten signature of Joseph B. Encabo, consisting of a large, stylized initial 'J' followed by the name 'Encabo' in cursive. There are also some smaller, less legible handwritten marks below the main signature.

MEMORANDUM OF AGREEMENT

This **MEMORANDUM OF AGREEMENT** is made and entered into in _____, this _____ day of _____, 20____ by and between:

The _____ **COOPERATIVE**, is a registered cooperative, with principal address at _____ City, herein represented by its **Chairman**, _____ hereinafter referred to as the **PARTNER COOPERATIVE**;

-and-

The _____ **COOPERATIVE**, a registered cooperative, with principal address at _____, herein represented by its **Chairman**, _____, hereinafter referred to as the **BENEFICIARY COOPERATIVE**.

WITNESSETH

WHEREAS, it is the policy of the State to develop, advance, and nurture the cooperative movement by providing development interventions through partnership building and coordinative efforts;

WHEREAS, the CDA, as mandated by Republic Act No. 6939, as amended by Republic Act No. 11364, seeks to ensure the safe and sound operation of cooperatives in order to develop the cooperative sector into a viable and sustainable economic enterprise;

WHEREAS, the CDA has established a developmental intervention called "**Koop Kapatid Program**" through the application of the internationally accepted cooperative principle known as "Cooperation Among Cooperatives";

WHEREAS, the PARTNER-COOPERATIVE and the BENEFICIARY-COOPERATIVE shall jointly implement activities in the provision of _____ (*financial, technical, etc.*) support;

WHEREAS, the PARTNER-COOPERATIVE is willing to allocate funds and provide financial support and subsidies to the BENEFICIARY-COOPERATIVE, chargeable to the former's Community Development Fund (CDF);

NOW, THEREFORE, for and in consideration of the foregoing premises, the parties do hereby agree and bind themselves to become partners and undertake the following responsibilities below in the implementation of the "**KOOP KAPATID Program**".

**ARTICLE I
PROJECT DURATION AND SCOPE**

The parties agreed to implement the project within the period of _____
(months/years) from the date of signing hereof for the following support services:

- 1.
- 2.
- 3.

**ARTICLE II
RESPONSIBILITIES OF THE PARTNER-COOPERATIVE AND
THE BENEFICIARY-COOPERATIVE**

Section 1. RESPONSIBILITIES OF THE PARTNER-COOPERATIVE

The PARTNER-COOPERATIVE binds to undertake the following:

1. Provide technical assistance, training, or capacity-building activities set forth in Article II hereof for the growth, development, and sustainability of the beneficiary-cooperative/s;
2. Ensure the successful implementation of the partnership agreement;
3. Include the Program in its Annual/Social Development Plan and Budget;
4. Allocate funds and/or provide financial subsidies and assistance to the beneficiary-cooperative/s within its area of operation chargeable against the CDF;
5. Submit a report on the progress of the Program to the concerned CDA Extension Office;
6. Terminate the Agreement in case of violation of its terms and conditions to be reported to the concerned CDA Extension Office; and
7. Perform other functions as agreed upon by the parties.

Section 2. RESPONSIBILITIES OF BENEFICIARY-COOPERATIVE

The BENEFICIARY-COOPERATIVE binds to undertake the following:

1. Participate in all undertakings programmed with the partner-cooperative;
2. Designate a focal person upon whom the partner-cooperative or the CDA can coordinate;
3. Implement the activities/projects under the program;

4. The Board of Directors of the beneficiary cooperative shall ensure the successful implementation of the Program;
5. Allocate necessary resources in the implementation of the activities/projects under the program;
6. Terminate the Agreement in case of violation of its terms and conditions to be reported to the concerned CDA Extension Office; and
7. Perform other functions as agreed upon by the parties.

ARTICLE III CONFIDENTIALITY AND DATA SHARING

In the implementation and performance of their obligations under this MOA, the Parties shall:

- (a) ensure privacy and security of any and all confidential, privileged, personal and/or sensitive information that the parties and their officers, employees, or agents may have access to; and
- (b) dispose of such information in accordance with Republic Act No. 10173 or the "Data Privacy Act of 2012", and applicable National Privacy Commission issuances.

Any violation of this clause and any of the provisions of the said law and issuances by the aforementioned persons shall be subject to corresponding sanctions, penalties, and/or fines under the said law without prejudice to any other applicable criminal and/or civil liability. This clause shall survive the termination or expiration of this MOA.

Following the principles of transparency, legitimate purpose, and proportionality, all personal data shared shall be stored, processed, used and disposed of by the recipient only for the limited purpose of achieving the objectives of this MOA, and upon written approval of the Party who shares and shall be made in accordance with existing laws and regulations.

If a Party is compelled by law to disclose any personal data outside of this MOA, it shall notify the other Party of such fact one (1) month before disclosing the personal data.

In case of a personal data breach, the Party to which the breach happened takes responsibility in the implementation of the necessary breach reporting procedure, but the other Party shall cooperate therefore and for the mitigation of further damage.

ARTICLE IV EFFECTIVITY

This Agreement shall take effect upon signing hereof by the parties and shall remain valid and binding for _____ years unless earlier terminated by mutual written agreement.

In case of early termination, the party initiating the termination shall notify the other party at least one (1) month prior to the date of the effectivity of termination without prejudice to the obligations already incurred. Activities that take time to finish and have already been commenced shall continue until conclusion with due consideration to the effectivity of the termination as herein contemplated.

**ARTICLE V
DISPUTE RESOLUTION**

Any dispute, disagreement, or controversy arising between the Parties as to the interpretation, opinion, or effect of any cause in this Agreement shall be mutually resolved and settled amicably, in accordance with the following:

1. A Notice in writing shall be sent by the concerned/aggrieved Party to the other Party stating the concern and/or the reasons therefor;
2. The Parties shall thereafter set a meeting/s to resolve or settle the issue amicably; and
3. Agreements reached shall be reduced in writing and signed by the Parties;
4. Any disputes, claims, or controversies remaining unresolved shall be administratively settled or resolved in accordance with the Alternative Dispute Resolution Act of 2004.

IN WITNESS WHEREOF, the parties have hereunto signed this Agreement this _____ day of _____, 202__ in _____, Philippines.

Chairperson
PARTNER-COOPERATIVE

Chairperson
BENEFICIARY-COOPERATIVE

WITNESSES:

PARTNER-COOPERATIVE

BENEFICIARY-COOPERATIVE

REGIONAL DIRECTOR, CDA

