



COOPERATIVE DEVELOPMENT AUTHORITY

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MEMORANDUM CIRCULAR NO. 2024- 09 Series of 2024

TO : ALL CONCERNED

SUBJECT : ONE-TIME GRANT OF AMNESTY FOR DISSOLVED COOPERATIVES AND COOPERATIVES WITH PENDING INVOLUNTARY DISSOLUTION CASES OR NON-COMPLIANT COOPERATIVES AND THE REQUIREMENTS AND PROCEDURES FOR AVAILING OF THE SAME

The Cooperative Development Authority (Authority) exercises the developmental, regulatory, and quasi-judicial power by virtue of the Republic Act (RA) No. 11364 also known as the Cooperative Development Authority Charter of 2019.

As primarily mandated to develop cooperatives to become viable self-help and self-reliant organizations providing the needs of its members and the community towards attainment of social justice and economic development, the Authority is committed to give cooperatives who have been dissolved and/or have pending involuntary dissolution cases but whose certificates of registration have not yet been cancelled one last chance to revive or revitalize through these guidelines. Ordinarily, dissolved cooperatives have no more option but to discontinue its operations and wind-up its affairs in accordance with existing guidelines.

It has been observed that most cooperatives were dissolved or have pending involuntary dissolution cases due to non-compliance with the submission of mandatory reports as provided in Art. 53 of R.A. 9520 and consequently, the imposition of monetary penalties for the delay, except for micro cooperatives. Other violations include non-compliance with noted violations of the bylaws and the Code as established through inspections and examinations in pursuit of the regulatory power of the Authority. Despite the lapse of several years, these cooperatives fail to revive or rehabilitate, which are maintained still in the masterlist and clog the dockets of the Authority and some continue to operate without the authority to do so.

In order to unclog the dockets of the Authority, all cooperatives ordered to dissolve and/or those with pending involuntary dissolution cases for more than one (1) year, shall be issued with an Order of Cancellation of their Certificates of Registration which will prevent them from reviving or rehabilitating. To give the final chance or opportunity for these cooperatives to revive and/or rehabilitate, for as long as their Certificates of Registration have not been cancelled, and attain the level of compliant cooperatives, especially those who are actually operating without authority, these guidelines are being issued as a **One-Time Amnesty**.

I. Definition of Terms:

- a. **Amnesty** - a one-time privilege granted by the Authority, for a fixed period of time, giving all non-compliant cooperatives a final chance to revive and/or rehabilitate and attain the level of compliant cooperatives.
- b. **Authority** – shall refer to the Cooperative Development Authority.

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- c. **Certificate of Completion** – refers to the official document issued by the Authority certifying completion of the cooperative of the required revitalization/revival based on the submitted Revitalization/Revival Business Plan.
- d. **Code** – the Philippine Cooperative Code of 2008 (R.A. 9520)
- e. **Involuntary Dissolution** - for the purposes of this Circular, dissolution is done, not through the initiative of the members of the cooperative but by the Order of the Authority for violation of its Bylaws and the Code under Articles 67 and 68.
- f. **Merger** - as defined under Article 21 (1) of Republic Act No. 9520 or the Philippine Cooperative Code of 2008.
- g. **Progress Report** - shall refer to the document where the findings/observations, actions and recommendations of the Cooperative Development Specialist (CDS) supervising the revival of the cooperative and who conducted the monitoring of the progress of the cooperative.
- h. **Revitalization** - refers to a process of giving new vitality or vigor to the cooperative operation who had gone dormant and was previously classified by the Authority as non-compliant for two (2) consecutive years or with pending Show Cause Order for more than one (1) year due to non-submission of mandatory reports and/or other violations of the Code and its By-laws.
- i. **Revival** - refer to the process of attaining compliant status by a dissolved cooperative that is not yet issued with Order of Cancellation.
- j. **Revitalization Business Plan** - shall refer to a business study showing the cooperative's development activities to be undertaken in order to revitalize its business and/or correct its violations as stated in the Show Cause Order or Notice. It shall also include financial projections for the first three years of operations after approval of application for revitalization showing sustained viability.
- k. **Revival Business Plan** – shall refer to a business study showing the cooperative's development activities to be undertaken in order to re-operationalize its business and/or correct its violations as stated in the Order of Dissolution. It shall also include financial projections for the first three years of operations after approval of application for revival showing sustained viability.
- l. **Revitalization Order** - an order to revert to a Compliant status a cooperative that has been non-compliant for two (2) consecutive years or has been served by a Show Cause Order for more than one (1) year upon submission of the substantial documentary requirements prescribed herein.
- m. **Revival Order** - an order to revert to a compliant status a dissolved cooperative upon submission of the substantial documentary requirements prescribed herein.

II. GUIDELINES FOR THE REVIVAL OF DISSOLVED COOPERATIVES

Section 1. Legal Bases.

- a. **Section 2 of R.A. No. 11364, Declaration of Policy** - It is hereby declared the policy of the State to promote the viability and growth of cooperatives as instruments of equity, social justice and economic development.
- b. **Section 4 (a) R.A. No. 11364, Powers, Functions and Responsibilities** - Develop and formulate, in consultation with the cooperative sector and other concerned institutions, appropriate regulations, standards, rules, orders, guidelines and/or circulars to implement this Act and Republic Act 9520 to ensure the effective and sound operation of cooperatives.
- c. **Paragraph 1, Section 2, RA 9520, Declaration of Policy** - It is hereby declared the 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. The State shall encourage the private sector to undertake the actual formation and organization of cooperatives and shall create an atmosphere that is conducive to the growth and development of these cooperatives.

Section 2. Scope and Coverage. This guideline shall apply to all dissolved cooperatives; or those where an Order of Dissolution has been duly served, except those already issued with Order of Cancellation; or those with pending Appeal outside the jurisdiction of the Authority or for cause provided in Article 67, paragraphs 1, 2 and 5.

Specifically, this also aims to provide the manner on how a cooperative which is dissolved involuntarily upon Order of the Authority may be revived to regain its authority to operate its authorized business/es and attain Compliant Status by virtue of a Certificate of Completion.

Section 3. Pre-qualification Requirements – Prior to the Authority's approval, a dissolved cooperative may be revived subject to the following pre-qualification requirements, to wit:

3.1 That the cooperative is willing to undergo an audit by a CDA-Accredited External Auditor to provide information of its actual status, as evidenced by its submission of a Board Resolution/General Assembly Resolution/Affidavit of Undertaking by interim officers stating the same;

3.2 That at least a majority of the total remaining members (but not less than fifteen (15) for a primary cooperative, and not less than five (5) member-cooperatives for a federation and union) have signified their intention to undergo cooperative re-orientation seminar (with the requisite trainings to be determined through a training needs assessment) and revival process.

Section 4. Documentary Requirements – The applicant must submit the following in duplicate copies:

4.1 COOPERATIVES DISSOLVED UNDER ARTICLE 68 (Non-Operation)

- 4.1.1 A letter request for revival, duly signed by its interim Board of Directors, stating the purpose/s and/or the reason/s therefor;
- 4.1.2 Minutes of the General Assembly meeting approving the revival of the cooperative with at least a two-thirds ($\frac{2}{3}$) vote of all the remaining members but not less than fifteen (15) for a primary cooperative, and not less than five (5) member-cooperatives for a federation and union;
- 4.1.3 List of interim officers or newly elected set of Board of Directors (BODs), Committee members and Management Staff;
- 4.1.4 List of membership with their corresponding addresses and amount and number of shares paid;
- 4.1.5. Audited Financial Statement as of the preceding year of Request for Rehabilitation;
- 4.1.6 Three (3) year revival business plan stating the program of activities, strategies and budget which is duly approved by the general membership;
- 4.1.7 Favorable endorsement of the CDS assigned in the area where the cooperative is located; and
- 4.1.8 Bond of accountable officers.

4.2 COOPERATIVES DISSOLVED UNDER ARTICLE 67(3) IN RELATION TO ARTICLE 53 (Mandatory Compliance Reports)

- 4.2.1 A letter request for revival, duly signed by its interim Board of Directors stating the purpose/s therefor;
- 4.2.2 Minutes of the General Assembly meeting approving the revival of the cooperative with at least a two-thirds ($\frac{2}{3}$) vote of all the remaining members but not less than fifteen (15) for a primary cooperative and not less than five (5) member-cooperatives for a federation and union;
- 4.2.3 List of interim officers or newly elected set of Board of Directors (BODs), Committee members and Management Staff;
- 4.2.4 List of membership with their corresponding addresses and amount and number of shares paid;
- 4.2.5 Statement of Financial Status, Assets and Liabilities of the cooperative as a result of the actual audit conducted;

- 4.2.6 Three (3) year revival business plan stating the program of activities, strategies and budget which is duly approved by the general membership;
- 4.2.7 Favorable endorsement of the CDS assigned in the area where the cooperative is located;
- 4.2.8 Bond of accountable officers;
- 4.2.9 Any Fiscal Year's mandatory compliance reports for the last three (3) years; and
- 4.2.10 Undertaking by the interim officers or newly elected Board of Directors, to settle the monetary penalties through an amortized schedule, if applicable.

4.3 COOPERATIVES DISSOLVED BY REASON OF GROUNDS UNDER PARAGRAPHS 3 and 4 of ARTICLE 67 (Violation of By-laws and/or Code)

- 4.3.1 A letter request for revival, duly signed by its interim Board of Directors stating the purpose/s therefor;
- 4.3.2 Minutes of the General Assembly meeting approving the revival of the cooperative with at least a two-thirds ($\frac{2}{3}$) vote of all the remaining members but not less than fifteen (15) for a primary cooperative, and not less than five (5) member-cooperatives for a federation and union;
- 4.3.3 List of interim officers or newly elected set of Board of Directors (BODs), Committee members and Management Staff;
- 4.3.4 List of membership with their corresponding addresses and amount and number of shares paid;
- 4.3.5. Statement of Financial Status, Assets and Liabilities of the cooperative as a result of the actual audit conducted;
- 4.3.6 Three (3) year revival business plan stating the program of activities, strategies and budget which is duly approved by the general membership;
- 4.3.7 Favorable endorsement of the CDS assigned in the area where the cooperative is located;
- 4.3.8 Bond of accountable officers; and
- 4.3.9 Affidavit by the interim officers or newly elected Board of Directors under oath that the violation/s by reason of which the cooperative was dissolved was already rectified with substantial proof attached or Affidavit of Undertaking that the lacking requirements shall be completed within the period stated in the revival business plan.

Section 5. Processing of requirement and approval to undertake revival – Upon compliance and submission of requirements to the CDA Extension Office that has

jurisdiction over the cooperative, the Legal Section shall facilitate the processing of the documents. If found substantial, the Regional Director shall issue an Order to Commence the Plan, stating the reasons for the same and the conditions that the cooperative needs to comply/complete and the Revival Order which would be the basis to change its status to conditionally compliant. The CDS assigned in the area shall advise the cooperative to start implementing the Revival Business Plan and shall supervise and assist the cooperative for the whole duration of the approved plan.

Section 6. Processing fee – a non-refundable processing fee shall be paid by the cooperative in the amount of Two Thousand Pesos (P2,000.00), without prejudice to the actual expenses incurred by the Authority.

Section 7. Change of Cooperative Status. - Upon the approval of the Plan, the concerned CDA Regional Director shall cause the change of status of the cooperative from conditionally compliant to compliant.

Section 8. Monitoring and Issuance of Certificate of Completion – The concerned CDS shall monitor the progress of the cooperative as guided by the Revival Business Plan. The cooperative shall submit, for the duration of the Plan, a quarterly progress report to the concerned Extension Office which will be thereafter validated by the CDS personnel during annual inspection. A Certificate of Completion duly signed by the Regional Director shall be issued to the cooperative upon favorable recommendation by the CDS supervising the revival.

Section 9. Failure to comply with the Approved Plan. - Should the annual inspection yield failure of the cooperative to follow the Plan, the current Certificate of Compliance of the cooperative shall be revoked after notice to the cooperative. The Certificate of Compliance is deemed revoked after the lapse of fifteen (15) days from receipt of notice. The cooperative will then undergo the cancellation of its Certificate of Registration provided under Section 2, Item D of the Miscellaneous and Transitory Provisions.

A. GUIDELINES FOR REVITALIZATION OF NON-COMPLIANT COOPERATIVES AND THOSE WITH PENDING INVOLUNTARY DISSOLUTION CASES (SHOW CAUSE ORDER)

Section 1. Scope and Coverage. This guideline shall apply to:

- a. Cooperatives tagged as non-compliant for two (2) years or more for non-submission of reports but has no pending involuntary dissolution case; and
- b. Cooperatives tagged as non-compliant for having been served with Show Cause Order which is pending for two (2) years or more for violations of Articles 67 paragraphs 3 and 4 or 68 of the Code but is not yet issued with an Order of Dissolution/Cancellation.

Specifically, this also aims to provide the manner on how a cooperative which is not compliant but not yet dissolved or cancelled may regain its authority to operate its authorized business/es and attain compliant status by virtue of a Certificate of Completion.

Section 2. Requirements – The non-compliant cooperatives must submit the following documents:

2.1 An affidavit of explanation under oath, duly signed by its Chairman, explaining or justifying the violation and the compliance to the said violations or plan to comply to the same;

2.2 General Assembly Resolution by at least a majority of its members entitled to vote present and constituting a quorum, approving the revitalization of the cooperative. However, in the case of a cooperative with numerous and dispersed members, with not less than one thousand (1000) members, the majority of members entitled to vote and constituting a quorum may approve such a plan;

2.3 Latest Audited Financial Statement as a result of the audit by an Accredited Cooperative External Auditor; and

2.4 Three (3) year revitalization business plan stating the program of activities, strategies and budget which is duly approved by the general membership.

Section 3. Processing of requirement and approval to undertake revitalization – Upon compliance and submission of requirements to the CDA Extension Office that has jurisdiction over the cooperative, the Legal Section shall facilitate the processing of the documents. If found substantial, the Regional Director shall issue an Order to Commence the Plan, stating the reasons for the same and the conditions that the cooperative needs to comply/complete and the Revitalization Order which would be the basis to change its status to conditionally compliant. The CDS assigned in the area shall advise the cooperative to start implementing the Revitalization Business Plan and shall supervise and assist the cooperative for the whole duration of the approved plan.

Section 4. Processing fee – a non-refundable processing fee shall be paid by the cooperative in the amount of Two Thousand Pesos (P2,000.00), without prejudice to the actual expenses incurred by the Authority.

Section 5. Monitoring and Issuance of Certificate of Completion – The concerned CDS shall monitor the progress of the cooperative as guided by the Revitalization Business Plan. The cooperative shall submit, for the duration of the Plan, a quarterly progress report to the concerned Extension Office which will be thereafter validated by the CDS personnel during annual inspection. A Certificate of Completion duly signed by the Regional Director shall be issued to the cooperative upon favorable recommendation by the CDS supervising the revitalization.

Section 6. Failure to comply with the Approved Plan. Should the annual inspection yield failure of the cooperative to follow the Plan, the current Certificate of Compliance of the cooperative shall be revoked after notice to the cooperative. The

Certificate of Compliance is deemed revoked after the lapse of fifteen (15) days from receipt of notice. The cooperative will then undergo the cancellation of its Certificate of Registration provided under Section 2, Item D of the Miscellaneous and Transitory Provisions of this Circular.

B. GUIDELINES FOR APPLICATION FOR AMORTIZED PAYMENT OF ASSESSED PENALTY FOR NON-FILING OR DELAYED SUBMISSION OF MANDATORY COMPLIANCE REPORTS

Section 1. Legal Basis. Section 4 of Article 11364 grants the Authority the power to exercise supervision and jurisdiction over all types of cooperatives registered with the Authority and to prescribe and collect reasonable fees, fines or charges in the performance of its registration and regulatory functions. Thus, while it has no express power to condone penalties, allowing for amortized payment of penalties shall encourage cooperatives to revive or revitalize, whichever is applicable.

Section 2. Scope and Coverage. This scheme shall only cover all non-compliant cooperatives, except micro cooperatives, who have failed to submit required reports for at least two (2) consecutive years prior to the effectivity of this Circular and those who have been dissolved for not more than five (5) years through an Order of Dissolution and have approved revival or revitalization plans. The bases of computation are those covered by the Code and existing regulations on the matter based on the fiscal year applicable.

Section 3. Amortization Schedule. The following shall be the schedule of amortization to be observed by cooperatives assessed with penalties:

- 3.1. Non-submission for two (2) years – 24 equal monthly amortization payment;
- 3.2. Non-submission for three (3) years – 30 equal monthly amortization payment;
- 3.3. Non-submission for four (4) years – 36 equal monthly amortization payment;
- 3.4. Non-submission for five (5) years – 40 equal monthly amortization payment;

Section 4. Filing of Application and Supporting Documents. On or before 30 November 2024, the duly authorized representative or agent of the cooperative as evidenced by a Board Resolution/ Special Power of Attorney shall file an Application to Avail of Amortized Payment of Penalties.

The Applicant must present proof of his or her authority (Notarized Secretary's Certificate, Board Resolution, or written Power of Attorney).

Section 5. Issuance of Official Receipts. Upon payment of the monthly amortization, the cooperative shall be issued with an Official Receipt, a copy of which shall be submitted to the CDA Extension Office that issued the approval as proof of religious compliance to the schedule of payments. The issuance, however, of the approval of amortization payment shall not exempt the cooperative from filing its subsequent mandatory reportorial requirements in a timely manner and in settling future penalties for delay immediately. In the case of cooperatives issued with Suspension Order, the religious payments shall not automatically lift said status which shall be decided in a separate proceeding.

C. General Exceptions. The following are excluded from the coverage of the above guidelines:

- a. Cooperatives that have been delisted, issued with Order of Cancellation or those who have failed to liquidate their assets for more than three (3) years from issuance of the Order to Commence the Winding Up Period;
- b. Cooperatives with pending case in court, quasi-judicial agencies/instrumentalities or with those with pending third party claims; and
- c. Those analogous to the foregoing as to be determined by the Legal Affairs Service of the Authority.

D. Transitory and Miscellaneous Provisions

Section 1. Period to File Application for Revival or Revitalization. All cooperatives covered by this Circular have only until November 30, 2024 to file their respective applications, otherwise, an Order of Cancellation shall forthwith be issued for all pending cases on record.

Those cooperatives tagged as non-compliant but have no pending involuntary dissolution cases shall be subjected to the regular involuntary dissolution proceeding and its Certificate of Registration may be cancelled within one (1) year for failure to comply.

Section 2. Effect of Failure to Complete the Plan or Amortization. Failure of a cooperative to complete the approved Revival/Revitalization Business Plan or default in any of its requirements shall cause the issuance of a Notice of Non-Completion. An Order of Cancellation of the cooperative's Certificate of Registration shall be issued after the lapse of fifteen (15) days from receipt of the Notice of Non-Completion.

Section 3. Applicability of this Guidelines After the Deadline. After the lapse of the period to file herein, these Amnesty Guidelines shall no longer apply. All future cooperatives who have failed to comply with regulatory requirements for their Revival shall be given one (1) year to comply; otherwise, an Order of Cancellation shall forthwith be issued. In case of Revitalization, if the availing cooperative fails to comply with the Plan, the involuntary dissolution proceedings will commence.

Those cooperatives who have filed on time and have approved Revitalization/Revival Business Plans shall continue to be covered until the completion of the approved three-year Plans. Cooperatives who availed of the Amortization Plan shall strictly adhere to their assessed amortization schedule.

A separate guideline shall be issued for the liquidation of all cancelled cooperatives who have remaining assets due to this Circular.

Section 4. Publication of List of Cooperatives Covered by this Guidelines. The Authority shall, within thirty (30) days upon effectivity of these guidelines, publish the list of cooperatives covered under this Guidelines in conspicuous places in every Province, in the official website, social media accounts and/or disseminated to the

LGUs through the Cooperative Development Offices (CDOs) as well as the Unions and Federations of Cooperatives.

SECTION 5. Option for Merger or Consolidation of Cooperatives Covered by these Guidelines. Cooperatives that wish to avail of Revival or Revitalization but cannot justifiably comply with the requirements may instead opt to file petition for merger or consolidation, applying Rule 5 of the Revised Rules and Regulations Implementing Certain and Special Provisions of RA 9520 as provided under CDA Memorandum Circular No. 2012-18 series of 2012 with subject "Guidelines on the Merger and Consolidation Procedures for Cooperatives".

Section 6. Effectivity. This Memorandum-Circular shall take effect immediately following its complete publication in the Official Gazette or a newspaper of general circulation in the Philippines.

Approved by the Board of Directors on March 14, 2024 per Board Resolution Number 220, s-2024

Issued this 26th day of March 2024.

For the Board of Directors:


USEC. JOSEPH B. ENCABO
Chairman