

[REPUBLIC ACT NO. 9520, February 17, 2009]

**AN ACT AMENDING THE COOPERATIVE CODE OF THE
PHILIPPINES TO BE KNOWN AS THE "PHILIPPINE COOPERATIVE
CODE OF 2008"**

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Articles 1, 2, 3, 4 and 5 of Chapter I on General Concepts and Principles of Republic Act No. 6938, otherwise known as the "Cooperative Code of the Philippines" are hereby amended to read as follows:

CHAPTER I

GENERAL CONCEPTS AND PRINCIPLES

"ARTICLE 1. *Title.* — This Act shall be known as the "Philippine Cooperative Code of 2008".

"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. 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.

"Toward this end, the Government and all its branches, subdivisions, instrumentalities and Agencies shall ensure the provision of technical guidance, financial assistance and other services to enable said cooperatives to develop into viable and responsive economic enterprises and thereby bring about a strong cooperative movement that is free from any conditions that might infringe upon the autonomy or organizational integrity of cooperatives.

"Further, the State recognizes the principle of subsidiarity under which the cooperative sector will initiate and regulate within its own ranks the promotion and organization, training and research, audit and support services relating to cooperatives with government assistance where necessary.

"ART. 3. *General Concepts.* — A cooperative is 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 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 principles.

"ART. 4. *Cooperative Principles*. — Every cooperative shall conduct its affairs in accordance with Filipino culture, good values and experience and the universally accepted principles of cooperation which include, but are not limited to, the following:

"(1) *Voluntary and Open Membership* — Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, cultural, political, or religious discrimination.

"(2) *Democratic Member Control* — Cooperatives are democratic organizations that are controlled by their members who actively participate in setting their policies and making decisions. Men and women serving as elected representatives, directors or officers are accountable to the membership. In primary cooperatives, members have equal voting rights of one-member, one-vote. Cooperatives at other levels are organized in the same democratic manner.

"(3) *Member Economic Participation* — Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is the common property of the cooperative. They shall receive limited compensation or limited interest, if any, on capital subscribed and paid as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the cooperative by setting up reserves, part of which should at least be indivisible; benefitting members in proportion to their patronage of the cooperative's business; and, supporting other activities approved by the membership.

"(4) *Autonomy and Independence* — Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including government, or raise capital from external sources, they shall do so on terms that ensure democratic control of their members and maintain their cooperative autonomy.

"(5) *Education, Training and Information* — Cooperatives shall provide education and training for their members, elected and appointed representatives, managers, and employees, so that they can contribute effectively and efficiently to the development of their cooperatives.

"(6) *Cooperation Among Cooperatives* — Cooperatives serve

their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

"(7) *Concern for Community* — Cooperatives work for the sustainable development of their communities through policies approved by their members.

"ART. 5. *Definition of Terms.* — The following terms shall mean:

"(1) *Member* includes a person either natural or juridical who, adhering to the principles set forth in this Code and in the articles of cooperation, has been admitted by the cooperative as member;

"(2) *General Assembly* shall mean the full membership of the cooperative duly assembled for the purpose of exercising all the rights and performing all the obligations pertaining to cooperatives, as provided by this Code, its articles of cooperation and bylaws: *Provided*, that for cooperatives with numerous and dispersed membership, the general assembly may be composed of delegates elected by each sector, chapter or district of the cooperative in accordance with the rules and regulations of the cooperative development authority;

"(3) *Board of Directors* shall mean that body entrusted with the management of the affairs of the cooperative under its articles of cooperation and bylaws;

"(4) *Committee* shall refer to any body entrusted with specific functions and responsibilities under the bylaws or resolution of the general assembly or the board of directors;

"(5) *Articles of Cooperation* means the articles of cooperation registered under this Code and includes a registered amendment thereof;

"(6) *Bylaws* means the bylaws registered under this Code and includes any registered amendment thereof;

"(7) *Registration* means the operative act granting juridical personality to a proposed cooperative and is evidenced by a certificate of registration;

"(8) *Cooperative Development Authority* refers to the government agency in charge of the registration and regulation of cooperatives as such, hereinafter referred to as the Authority;

"(9) *Universally Accepted Principles* mean that body of cooperative principles adhered to worldwide by cooperatives;

"(10) *Representative assembly* means the full membership of a body of representatives elected by each of the sectors, chapter or district of the cooperative duly assembled for the purpose of exercising such powers lawfully delegated unto them by the general assembly in accordance with its bylaws;

"(11) *Officers of the Cooperatives* shall include the members of the board of directors, members of the different committees created by the general assembly, general manager or chief executive officer, secretary, treasurer and members holding other positions as maybe provided for in their bylaws;

"(12) *Social Audit* is a procedure wherein the cooperative assesses its social impact and ethical performance vis-à-vis its stated mission, vision, goals and code of social responsibility for cooperatives to be established by the Authority in consultation with the cooperative sector. It enables the cooperatives to develop a process whereby it can account for its social performance and evaluate its impact in the community and be accountable for its decisions and actions to its regular members;

"(13) *Performance Audit* shall refer to an audit on the efficiency and effectiveness of the cooperative as a whole; its management and officers; and its various responsibility centers as basis for improving individual, team or over-all performance and for objectively informing the general membership on such performance;

"(14) A Single-line or Single-purpose Cooperative shall include cooperative undertaking activities which are related to its main line of business or purpose;

"(15) *Service Cooperatives* are those which provide any type of service to its members, including but not limited to, transport, information and communication, insurance, housing, electric, health services, education, banking, and savings and credit;

"(16) *Subsidiary Cooperative* refers to any organization all or majority of whose membership or shareholders come from a cooperative, organized for any other purpose different from that of, and receives technical, managerial and financial assistance from, a cooperative, in accordance with the rules and regulations of the authority; and

"(17) *Federation of Cooperatives* refers to three or more primary cooperatives, doing the same line of business, organized at the municipal, provincial, city, special metropolitan political subdivision, or economic zones created by law, registered with the authority to undertake business activities in support of its member-cooperatives."

SEC. 2. Articles 6, 7, 9, 10, 11, 12, 14, 16, 18, 20, 21, 23, 24 and 25 of Chapter II on Organization and Registration of the same Code are hereby amended as follows:

CHAPTER II

ORGANIZATION AND REGISTRATION

"ART. 6. *Purposes of Cooperatives.* — A cooperative may be organized and registered for any or all of the following purposes:

"(1) To encourage thrift and savings mobilization among the members;

"(2) To generate funds and extend credit to the members for productive and provident purposes;

"(3) To encourage among members systematic production and marketing;

"(4) To provide goods and services and other requirements to the members;

"(5) To develop expertise and skills among its members;

"(6) To acquire lands and provide housing benefits for the members;

"(7) To insure against losses of the members;

"(8) To promote and advance the economic, social and educational status of the members;

"(9) To establish, own, lease or operate cooperative banks, cooperative wholesale and Retail complexes, insurance and agricultural/industrial processing enterprises, and public markets;

"(10) To coordinate and facilitate the activities of cooperatives;

"(11) To advocate for the cause of the cooperative movement;

"(12) To ensure the viability of cooperatives through the utilization of new technologies;

"(13) To encourage and promote self-help or self-employment as an engine for economic growth and poverty alleviation; and

"(14) To undertake any and all other activities for the effective and efficient implementation of the provisions of this Code.

"ART. 7. *Objectives and Goals of a Cooperative.* — The primary objective of every cooperative is To help improve the quality of life of its members.