

**[ CDA MEMORANDUM CIRCULAR NO. 2011-17, May 06, 2011 ]**

**POLICY AND GUIDELINES ON THE ESTABLISHMENT OF COOPERATIVE BRANCH**

The Cooperative Development Authority (CDA), pursuant to the powers vested in it by Republic Act No. 6939 and RA 9520, hereby promulgate the following policy and guidelines on the establishment of cooperative branch.

**Section 1. Legal Basis**

Consistent with the State policy to promote the viability and growth of cooperatives as instruments of equity, social justice and economic development and the powers of the Authority to formulate, adopt and implement integrated and comprehensive plans and programs on cooperative development.(Sections 1 & 3(a) of RA6939)

**Section 2. Purpose**

This policy and guidelines provide for the orderly and systematic establishment and operation of cooperative branch and prescribing minimum requirements in the implementation thereof towards continuous growth in membership and expansion of business undertaking.

**Section 3. Scope**

All cooperatives intending to set-up a branch and those with existing branches shall be covered by this guideline **except** cooperative banks.

**Section 4. Definitions**

The following terms have been defined for purposes of interpreting the specific terminologies in these guidelines:

- a. Area of Operation – shall refer to the area where the cooperative members come from as provided for in their Articles of Cooperation and By-Laws.
- b. Area of Business Operation – shall refer to the principal place of business of a cooperative where the cooperative conducts its business as provided for in their Articles of Cooperation and By Laws.
- c. Authority – shall refer to the Cooperative Development Authority.
- d. Branch – shall refer to a business office outside the principal office

with full cooperative activities and business operation.

e. Branch Office – refers to a place where the branch operation takes place that provides necessary services to its members.

f. Certificate of Authority – A document issued by the Authority authorizing the operation of a cooperative branch.

g. Cooperative – shall refer to duly registered cooperative with the Authority.

h. Principal Office – shall refer to the registered main office as indicated in the cooperative articles of cooperation.

i. Satellite Office – shall refer to an office within the area of operation that provides limited service/business addressing the needs of members and complementing the activities of the principal office.

Section 5. **Elements of a Branch Operations** – The following shall be present in a cooperative branch separate from the principal office:

5. 1.Office with signage

5.2. Operational Structure together with Manual of Operation

5.3. Management Staff

5.4. Operational plan and budget

5.5. Books of Accounts

5.6. Full business operation

5.7. Cooperative activities including but not limited to acceptance of application for membership, conduct of PMES, sectoral / district / chapter meeting

5.8. Display of the following:

5.8.1 Certificate of Registration

5.8.2 Certificate of Authority

5.8.3 Business Plate/permit

Section 6. **Pre-qualification Requirements** – Prior to the Authority's approval, cooperatives may establish a branch subject to the following pre-qualification requirements, to wit:

6.1 Must have minimum paid-up capital , as follows:

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|--------------|---------------|
| a. Primary   | Php 2 Million |
| b. Secondary | Php 5 Million |
| c. Tertiary  | Php10 Million |

6.2 Must have an available start up operating capital for each branch of at least:

- |              |               |
|--------------|---------------|
| a. Primary   | Php 1 Million |
| b. Secondary | Php 3 Million |
| c. Tertiary  | Php 5 Million |

6.3 Must have track record of actual operational growth and viability and have not incurred net loss for the last three consecutive years. The cooperative **net worth** is progressive for the last three years from the date of application.

NET WORTH shall be computed, as follows:

*NETWORTH* = shall refer to Total Equity inclusive of Member's equity, donations / grants and reserve funds less unbooked allowances and probable losses, receivables and investment.

Section 7. **Documentary Requirements** – A letter request for authority to establish a cooperative branch shall be signed by the Chairman of the cooperative or General Manager as authorized by the Board and shall be accompanied by the following information/documents:

7.1 Business plan detailing the cooperative activities/products and services to be offered; and financial projections for the first three years of operations showing sustained viability. In the preparation of the business plan, due consideration shall be given to allocation of resources to the proposed branch.

7.2 Copy of general assembly resolution authorizing the establishment of the branch and commitment of investment or allocation of resources for its proposed site;

7.3 Organizational set up of the proposed branch showing the proposed staffing pattern which must be able to employ at least a core *team of manager*, bookkeeper and staff in the intended branch office to run the branch.

7.4 Certification signed by the Chairman/General Manager as to the following:

1. Presence of Manual of Operations for Branch; and
2. Exact location of the proposed branch

Section 8. **Processing fee** – the processing fee for the issuance of Certificate of Authority for each branch shall be as follows:

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|-----|---------|-----------|
| 8.1 | Primary | Ph 500.00 |
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