

**[COOPERATIVE DEVELOPMENT AUTHORITY,
August 01, 2011]**

**GUIDELINES FOR THE RELEASE OF FINANCIAL ASSISTANCE TO
COOPERATIVES**

1. RATIONALE

The government has made its primary commitment to cause the growth and development of the Filipino people through cooperatives. Members act collectively towards the achievement of unified goals of recognizing the sector as one of the important organizations that contribute to economic development through various business undertakings, including but not limited to provisions on financial assistance and capacity building for livelihood projects of its members.

As part of the development agenda, the various government agencies in partnership with the private and public sector implement programs and projects through the provision on grants, aids, subsidies and donations. The cooperatives were tapped as vehicle and partners towards the growth and development of the communities where it operates. Consequently, the government channels its funding assistance to the Cooperative Development Authority (CDA) as the implementing agency for programs / projects in relation to cooperative development.

To facilitate the release of the fund assistance to cooperatives, the CDA adopt these implementing guidelines for the release of financial assistance that will be coursed thru the Agency by legislators and other financing institutions. These guidelines are applicable to the Priority Development Assistance Fund (PDAF) and similar fund assistance.

2. LEGAL BASIS

- a. The 1987 Philippine Constitution, Article II, Section 9 declares the policy of the State to 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 that provide adequate social services, promote full employment, a rising standard of living and an improved quality of life for all;
- b. 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;
- c. Executive Order No. 95 dated June 8, 1993 designating the Cooperative Development Authority (CDA) as the Lead Agency on cooperative promotion, development, regulation and to coordinate with

agencies with cooperative programs and Executive Order No. 96 which provide among others the implementing rules and regulations on cooperative promotion, organization, development and supervision by local government units;

d. Republic Act No. 7160, otherwise known as the Local Government Code, envisions the transformation of the local government units into self-reliant communities and active partners in the attainment of national goals.

e. DBM National Budget Circular No. 529 dated February 21,2011 prescribing the guidelines for the release of funds chargeable against the Priority Development Assistance Fund (PDAF).

3. DEFINITION OF TERMS

a. Cooperative — refers to 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 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.

b. Fund Assistance — refers to the financial assistance given by the government coursed through the CDA by the sponsoring official / legislator and entrusted to cooperatives for the implementation of cooperative project in the form of grants, aids, subsidies and donation.

c. Livelihood programs and projects — refers to the approved project activity which aim to create employment opportunities through the provision of a package of integrated services, i.e., technical and other assistance that promote establishment of income-generating activities for cooperatives and/or its members;

f. Liquidation report — refers to a document showing the summary of disbursements/expenses incurred in connection with the implementation of the project for a given period of time.

4. QUALIFIED BENEFICIARIES

The following requirements shall be complied with in order that the coop be considered beneficiary under this program:

1. duly registered under RA 9520;
2. certified to be in good standing;
3. with no unliquidated financial assistance with the Authority;
4. operating for the last three (3) consecutive years.

5. PURPOSE OF THE FUND ASSISTANCE

The fund may be utilized for the following purposes:

- a. Livelihood/Enterprise development related projects — for the purpose of promoting and developing the entrepreneurship capabilities of individual members.
- b. Credit/relending — relending for the purpose of providing additional capital for livelihood projects of the cooperative and members.
- c. Capacity-building — trainings / seminars related to cooperative management and livelihood project undertaking.
- d. Operational Support System Improvement-installation and implementation of improvement in the existing operational systems of the cooperative that include acquisition of necessary facilities.

The proposal shall be evaluated based on its economic viability and acceptability.

6. DOCUMENTARY REQUIREMENTS

A. RELEASE OF FUNDS

The application for financial assistance shall include the following:

1. Endorsement letter of the sponsoring legislator
2. Resolution by the Cooperative's Board of Directors requesting for financial assistance from the legislator containing the following information:
 - a. Purpose of the financial assistance
 - b. Designation of officer to transact business with CDA
3. Project proposal detailing the type of projects and the components that needs funding assistance and the equity of the concerned cooperatives. Information on the project proposal should include:
 - a. Project name /title
 - b. Brief description of the project
 - c. Project site / location
 - d. Intended beneficiaries
 - e. Benefits to be delivered
 - f. Systems and procedures to implement the project
 - g. Project cost estimates
 - h. Financial projections for three (3) years.
 - i. Work and Financial Plan
4. Certificate of Good Standing issued by the CDA for this purpose with authenticated copies of:

- a. Certificate of Registration and;
 - b. Latest Articles of Cooperation and By Laws;
5. Certificate of the list of incumbent Officers issued by the Cooperative's Secretary attested by the Chairman;
 6. Copy of Audited Financial Statement for the past three (3) years preceding the date of project implementation. For cooperatives which has been in operation for less than three (3) years, report of accomplishment or certification by its Chairman or Secretary that it had previously implemented similar projects;
 7. Memorandum of Agreement (MOA) between CDA and cooperative beneficiary duly signed and notarized;
 8. Cooperative's certification that cooperative has equity equivalent to 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;
 9. Proof of similar projects undertaken, if any, indicating the source of funds for their implementation

List of projects undertaken

Projects reports

Photographs as evidence of projects undertaken

Certification issued by the funding government organizations / institutions for previous project undertaking that the project has been completed and liquidated;

10. Sworn affidavit of the Cooperative's Secretary that none of its cooperators, organizers, directors or officials is an agent of or related up to the fourth civil degree consiguinity or affinity to the officials of the Authority authorized to process and / or approve the proposal, MOA and the release of funds.
11. Disclosure by the Cooperative of other related business, if any, and extent of ownership therein (if applicable).

B. STAGGARD RELEASE

1. duly approved schedule of fund release to cooperatives beneficiary.
2. Interim Fund Utilization Report on the previous release certified by the cooperative's accountant, approved by its Chairman and verified by the internal auditor or equivalent official of the CDA showing a summary of expenses and a status report of accomplishment evidence by pictures.
3. List of beneficiaries of previous releases with their signatures signifying their acceptance/acknowledgment of the project/goods/services.