

**[ CDA RESOLUTION NO. 111, s. 1993, June 13, 1993 ]**

**IMPLEMENTING GUIDELINES ON THE UTILIZATION OF COUNTRYWIDE DEVELOPMENT FUNDS FOR COOPERATIVE DEVELOPMENT**

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Rationale

Countryside development must be pursued with deep commitment, relentless effort and renewed vigor. The reasons behind are enormous. More than seventy percent (70%) of the country's population dwell in the rural areas, many of them live in abject poverty and utter helplessness. Likewise, the productive force that provides food for the sixty-five million (65M) Filipinos reside in the areas where little of the basic necessities of life are satisfied. Further, experiences reveal that deplorable conditions breed discontent and therefore constitute a fertile ground for the spread of subversive propaganda against the government.

The current economic crisis demands immediate solutions with visions and creativity to achieve a sense of decisive directions, It calls for close integration, cooperation and mutual effort from all sectors of the Philippine society. Under the circumstances, it is essential to create an environment conducive to reciprocal relationship, a sound and solid basis of peaceful existence. More than ever, Filipinos today deserve meaningful development, a nation where there is security without poverty, genuine freedom without slavery and progress without violence. At this point it appears more pertinent to approach the ailing economy through organizations where members act collectively towards unified goal. To this, the cooperative livelihood projects participated in by individual members, could serve as the core of socio-economic agenda to solve the misery and poverty in the rural areas. Cognizant of this, the potential of more than 22,000 registered cooperatives all over the country may be utilized in mobilizing the country's economy to recovery. To achieve this, the government need not only formulate developmental program that would demand participation of the citizenry, but provide support funds for economic projects as well as in capability building activities to professionalize cooperative management. These involve training program on management, leadership, bookkeeping and accounting and entrepreneurial development.

In this time of great battle against poverty and the seeming helplessness of the poorest of the poor, even the emancipating promise of government leaders will fail if not given real support. Consequently, as a voter and more so as an unrecognized taxpayer, they deserve a bigger share of developmental initiatives. Based on the above abstractions and in the name of peace and development, these suggestions for the utilization of the Countrywide Development Fund for Cooperative Development is hereby proposed.

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Legal Basis

The following lay the foundation and the legal basis of this proposal:

- a. The Medium-Term Development Plan adopted by the national government which seeks to achieve the broad objectives of the alleviation of poverty, generation of more and productive employment, promotion and social justice and the attainment of sustainable development;

b. The Cooperative Code of the Philippines (RA 6938) which declared it 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. The 1987 Philippine Constitution, Article II Section 9 which declare it 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; and

d. Executive Order No. 95 dated June 8, 1993 designating the Cooperative Development Authority as the Lead agency on cooperative promotion, development, regulation and calling on all government agencies with cooperative program to coordinate these with the CDA and Executive Order No. 96 which provide among others the implementing rules and regulations on cooperative promotions, organization, development and supervision by local government units.

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

f. The General Appropriations Act which provides among others a Countrywide Development Fund, the purpose of which is to develop the rural areas. Specifically, the fund is established to meet the maintenance and operating expenses of funded projects/activities and to provide capital outlays. At the discretion of the President of the Philippines, the Vice-president, Senators and Congressman are allocated funds to support developmental efforts. The loan/grant outlays of the Fund may be used as loanable funds for economic activities or grants for capability building initiatives for selected recipients. This loan/grant component is channelled to recipients only through a government agency/financial institution providing financial assistance to the rural sector. One of the agencies selected is the Cooperative Development Authority, mandated to promote the development of cooperatives as effective vehicles for equity, social justice and sustainable economic development.

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#### Proposed Utilization of Funds

The fund may be utilized as loan and/or grant for any of the following purposes:

3.1 Livelihood Development Projects — Amount will depend on the amount requested by proponent cooperatives for the purpose of promoting the development of livelihood projects for individual members of the cooperative. The proposal shall be evaluated based on its economic viability and socio-economic desirability.

3.2 Projects for Peace and Reconciliation specially designed to support livelihood projects for rebel returnees.

3.3 Projects specifically designed to improve the living conditions of cultural minorities.

3.4 Projects for the development of women and youth.

3.5 Reforestration projects and projects designed to restore/improve/protect the environment.

3.6 Human Resource Development Projects designed to professionalize cooperative management and the capabilities/skills of the members of cooperatives.

3.7 Revolving fund of federations for relending to their affiliate members.

3.8 Investment in cooperatives banks within the district for re-lending, capital outlay and other activities geared towards enhancement of the development of cooperatives.

The fund may be relased, depending on the discretion of the officials concerned as loan for the first category or grant for the remaining categories.

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#### General Procedures

For smooth implementation, certain procedures have to be observed.

4.1 The Vice-President, Senator or Congressman shall request the Department of Budget and Management (DBM) for the release of funds indicating the amount and purposes.

4.2 If approved, CDA, shall arrange with the depository bank where DBM will send the amount.

4.3 CDA upon evaluation of the project proposal of the cooperative/NGO and due compliance with requirements, shall release the loan/grant direct to the proponent.

In the administration of this loan/grant outlay component of the Countrywide Development Fund, the following policies shall be adopted.

##### A. Loan Outlay

1. The CDA shall enter into Memorandum of Agreement with Congressmen/Senators regarding the disposition of their Countrywide Development Fund to cooperatives.

2. With the assistance of the CDA, the Congressman/Senator shall be responsible for the selection of the borrowing cooperatives. He shall indicate the amount and type of loan, interest rate as well as loan maturity.

3. The extension of loan shall be consistent with sound lending and business principles so that the cooperatives may prosper and grow in size, scope, quality and service to their members.

4. The CDA shall require the borrowing cooperatives to file with the CDA Extension Office having jurisdiction in the area, loan application, (CDA CDF Form No. 1) together with a project proposal and other supporting documents including resolutions of the General Assembly and the Board of Directors which must be favorably endorsed through proper channels.

5. The CDA shall require the submission of an implementation plan to properly monitor the progress of is funded project, that the loan is utilized for the purpose it has been granted and the loan is repaid.

6. For monitoring purposes, the cooperative borrowers shall submit to the CDA monthly reports on actual operations supported by monthly cash disbursement (CDA-CDF Form No. 3)\* and monthly financial statements.

7. Repayments collected by CDA shall be remitted to the National Treasury.

B. Grants Outlay

In addition to the above stated policies, concerned officials indicate the purposes of the grant. The utilization of the Fund shall be monitored by a District Countrywide Development Fund Committee to be constituted by the Congressman/Senator with representative from CDA, Cooperative Federation and NGOs in the area.

A technical assistance grant may also be provided to cooperatives and CDA recognized NGOs to finance any of the following support/developmental activities:

- a. community organization
- b. strengthening of institutions
- c. human development/capability building/training related activities
- d. infrastructure project

In cases where the recipients are cooperatives or an NGO, they are bound to submit terminal reports on the activities/projects conducted to include utilization of funds released.

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Guidelines for the Availment of Financial Assistance Grant

5.1 Eligibility/Requirements

The Countrywide Development Fund may be released to an accredited NGO or a duly registered cooperative within the congressional district of the concerned official subject to submission of following documents:

A. Cooperatives

1. Duly accomplished Application for Financial Assistance (CDA-CDF Form No. 1)
2. Project Proposal detailing the purpose/objective of the project/activity, project description, technical aspects, organization and management and budgetary requirements/proposed utilization of funds.
3. Endorsement of concerned official (Congressman or Senator)
4. Other documentary requirements, Certificate of Registration, by-laws, Articles of Cooperation, Board Resolution authorizing certain officers to negotiate for funds, Resolution of the general assembly requesting financial assistance for cooperative project/activity.
5. Endorsement of CDA Extension Office together with Credit Evaluation Report (CDA CDF Form No. 2)\*

B. NGOs

1. Duly accomplished Application for Financial Assistance (CDA-CDF Form No. 1)
2. Certificate of Recognition from CDA to undertake development activities for cooperatives.

3. Project Proposal, Program of activities, Target Clientele, Proposed utilization of funds.
4. Endorsement of concerned official.
5. Other documentary requirements such as training design, budgetary requirements, etc.
6. Endorsement of CDA Extension Office.
7. Resolution from the Board of Trustees to Negotiate for funds.

In addition to above requirements, concerned cooperative/NGO shall submit to the CDA Extension Office reports of fund disbursement/utilization including activities conducted. (CDA-CDF Form No. 3)\*

## 6 Monitoring

To ensure the proper utilization of funds as well as measure the contribution to the economy, assisted cooperatives and NGOs shall be required to submit periodic monitoring reports (CDA CDF Form No. 4). Funded projects/activities shall be monitored based on the submitted project proposal. Terminal reports shall be required after the completion of the activity. In cases of livelihood projects, beneficiary cooperative/groups shall be required to report disbursement of funds (CDA CDF Form No. 3) within one month and to submit quarterly financial statement.

## 7 Prohibitions

In case of misdeclarations, misuse of funds (use other than the purposes indicated in the application submitted by the cooperative), the CDA with the consent of the official concerned may cause the refund of money by the proponent.

## 8 Information Dissemination

Congressmen/Senators may cause the distribution of this guidelines to their constituents while CDA shall distribute the same to its Area Extension Offices all over the country for information and guidance.

Adopted: 13 June 1993

(SGD.) EDNA E. ABERILLA  
*Chairman*

### DETAILED PROCEDURES

A. Application for Financial Assistance Processing and Approval Forms, Documents and Personnel Involved

Forms:

- a. Application for CDA-CDF Financial Assistance (CDA-CDF Form No. 1)
  - ab. Credit Evaluation Report (CDA-CDF Form No. 2)
  - ac. Disbursement Report (CDA-CDF Form No. 3)