

***Securing Foundation for  
Credit Union Strength***

The Asian Credit Union Cooperative Regulators Alliance  
(ACCRA)  
September 06 - 09, 2012

By:  
**DR. EMMANUEL M. SANTIAGUEL**  
Chairman, Cooperative Development Authority (CDA)  
Republic of the Philippines

---

---

---

---

---

---

---

---

***Title Rationale:***

*The Milestones and Plans of  
the Regulatory Agency in Laying  
Down the Foundation for Credit  
Unions' Growth, Stability and  
Sustainability in the Philippines.*

---

---

---

---

---

---

---

---

**CDA**

- Cooperative Development Authority (CDA) is created by virtue of Republic Act 6939 as derivative of Article 15 Section VIII of the Philippine Constitution
- Constitutionally under the Office of the President, and administratively attached to the Department of Finance
- A regulatory agency which main function is to register and regulate cooperatives in the Philippines

---

---

---

---

---

---

---

---

## CDA Vision

*“An efficient and effective regulatory agency working towards the development of a viable, sustainable, socially responsive and globally competitive cooperatives”*

---

---

---

---

---

---

---

---

## CDA Mission & Core Values

*Mission: “Ensure the safe and sound operations of cooperatives”*

*Core Values: “ExcITe” which stands for Excellence, Competence, Integrity, and Teamwork*

---

---

---

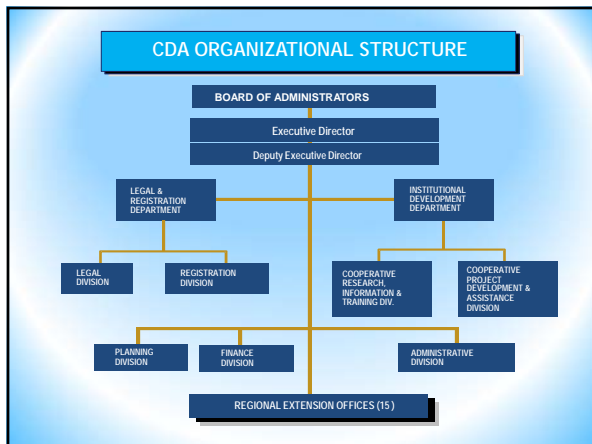
---

---

---

---

---



---

---

---

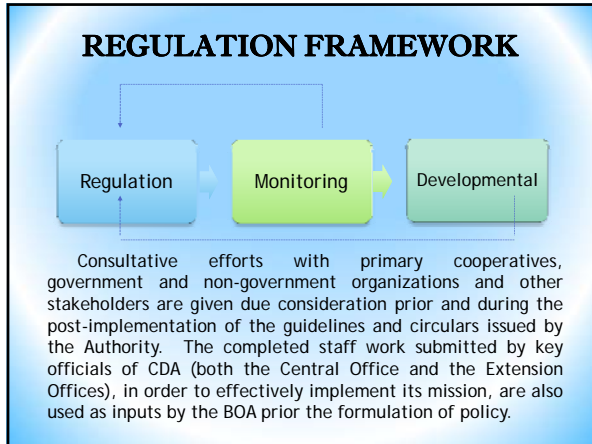
---

---

---

---

---



---

---

---

---

---

---

---

---

### REGULATION IS UNDERTAKEN BY CDA TO "ENSURE THE SAFE AND SOUND OPERATION OF COOPERATIVES:

- a. implement the provision of laws, rules and regulations;
- b. enhance fairness, accountability, competence, integrity and transparency among cooperatives;
- c. provide model framework for adoption and implementation of cooperatives;
- d. formulate standards as regulatory tool for CDA and management tool for cooperatives;
- e. adopt best and proven practices for reference and guidance of cooperatives.

---

---

---

---

---

---

---

---

### Guided by RA 9520: Philippine Cooperative Code of 2008

Chapter XII - Cooperative Banks  
Chapter XV - Credit Cooperatives  
Chapter XVI - Financial Service Cooperatives

**Rules and Regulations Implementing Certain Provisions of the Philippine Cooperative Code of 2008 (RA 9520):**

*Rule 12 - Financial Service Cooperatives*

---

---

---

---

---

---

---

---

Bangko Sentral ng Pilipinas Circular No. 682 - Rules and Regulation for Cooperative Banks

Bureau of Local Government Finance (BLGF) Memorandum Circular No. 31-2009 - Exemption of Cooperatives from payment of Local Taxes, Fees and Charges

Joint Rules and Regulations Implementing Articles 60, 61 and 144 of Republic Act 9520 in Relation to RA No. 8424 or the National Internal Revenue Code, as Amended

---

---

---

---

---

---

---

---

**CDA INITIATIVES**

**A. RA 9520 - National and Local Taxation**

*RA 9520 required all cooperatives to*

- secure Certificate of Tax Exemption to protect this entity from individuals and entities exploiting coops to avoid paying taxes;
- It is also one way of streamlining the sector to the business environment away from the underground economy where cooperatives are allegedly ensued

---

---

---

---

---

---

---

---

**CDA INITIATIVES**

**A. RA 9520 - National and Local Taxation**

*RA 9520 required all cooperatives to...*

Challenge:

- The Bureau of Internal Revenue (BIR), government's revenue collection agency, required cooperatives to submit additional requirements not within the purview of Implementing Rules and Regulation which impedes the issuance of Certificate of Tax Exemption.

---

---

---

---

---

---

---

---

**CDA INITIATIVES**

**A. National and Local Taxation**

**CDA Action:**

- CDA requested the assistance of the "Joint Congressional Oversight Committee on Cooperative (JCOCC)". JCOCC scheduled consultations all over the Philippines and spearheaded the conduct of forum where BIR and CDA acted as participants and resource persons.

---

---

---

---

---

---

---

---

**B. Re-aligning the Functions of CDC**

**Challenge:**

- The CDC are performing functions that tend to compete or supplant the functions of federations, unions and the Local Government Units

---

---

---

---

---

---

---

---

**B. Re-aligning the Functions of CDC**

**CDA Action:**

- The issuance of MC 2011-02, also known as the "Simplified Policy and Rationalized Guidelines in the Organization and Structure of CDCs". The memorandum is clear that CDC, of whatever level and category, shall not engage in educational undertakings for the sector nor act as training provider, but rather confined itself to the functions required by EO 95.

---

---

---

---

---

---

---

---

**C. Strengthening Partnership with LGUs.**

Giving importance to the contribution of the Local Government Units in the implementation of the cooperative programs with its vast manpower complement

**Challenge:**

The ratio of CDA employees against the number of cooperatives registered under the new Code is 1:75 or 1:100 if equated to the number of field personnel in-charge in the promotion and development of cooperatives at the grassroots' level

---

---

---

---

---

---

---

---

**C. Strengthening Partnership with LGUs.**

**CDA Action:**

Extension Offices of CDA are instructed to enter into a Memorandum of Agreement (MOA) with LGUs in its undertakings; why LGUs are included among the prospective training provider because it has an identical goal in mind with CDA.... assisting its constituents through cooperativism.

---

---

---

---

---

---

---

---

**D. Partnership with Government Agencies**

CDA is one of the gamut government organizations considering cooperatives as vehicle of uplifting the lives of Filipinos. To harmonize and maximize the CDA resources, it initiated partnership with some government agencies such as:

- a. With the Department of Agriculture (DA): Implementing its plans and programs on supply-value-chain and capacity development
- b. With the Department of Agrarian Reform (DAR): Capacity Development

---

---

---

---

---

---

---

---

**D. Partnership with Government Agencies**

- c. With Bangko Sentral ng Pilipinas (BSP):  
Amendment of Articles of Cooperation and Bylaws  
and promotion of Merger and Consolidation
- d. With the Government Financing Institutions  
(GFIs): Providing a blanket loan at an interest rate  
not higher than low-cost housing among registered  
and capable housing cooperatives
- e. With Office of Transport Cooperatives -  
Department of Transportation and Communication  
(OTC-DOTC): Creation of the Joint Monitoring  
Committee for Transport Cooperatives

---

---

---

---

---

---

---

---

**D. Performance and Social Audit**

The Authority, in collaboration with the sector drafted a user-friendly instrument and is about to launch a nationwide public hearing

---

---

---

---

---

---

---

---

**F. Manual of Rules and Regulations**

It is envisioned that the manual is necessary to ensure the safety and soundness of the cooperatives and to improve and strengthen their operations and compliance to these rules and regulations, CDA through the collaborative efforts of its mother agency, other government agencies, and the federations and unions of cooperatives, drafted a compendium that aim to address the following issues conflagrating the cooperative sector to wit:

- a) poor governance and management;
- b) entrenched leadership and untrained employees;
- c) not competitive products and services; d) absence of internal controls;
- d) stagnant membership base and market ignorance; and
- e) lack of prudential rules and regulations.

---

---

---

---

---

---

---

---

**F. Manual of Rules and Regulations**

**CDA Initiatives:**

The Manual of Rules and Regulations is now under review and being capsulized and soon will be issued in the form of Memorandum Circulars under the following Special Provision Titles:

- a. *Article 3 - Qualification and Disqualification of BODs and Key Management Officers*
- b. *Article 4 - Compensation of Directors and Committee Members and the Minimum Content of Code of Ethics and Governance*

---

---

---

---

---

---

---

---

**F. Manual of Rules and Regulations**

**CDA Initiatives:**

The Manual of Rules and Regulations..

- c. *Article 6 - All provisions in Capitalization except the actions required for Critically Undercapitalized and the Proceedings on Receivership and Liquidation.*
- d. *Article 7 - All provisions on Deposits and Borrowing Operations.*
- e. *Article 8 - All provisions of Loans and Investment except the "Truth in Lending Act" Disclosure Requirements.*

---

---

---

---

---

---

---

---

**F. Manual of Rules and Regulations**

**CDA Initiatives:**

The Manual of Rules and Regulations..

- f. *Article 9 - All provisions of Internal Control; and*
- g. *Article 11 - All provisions except Branching of SCCs. The provision of Supervision and Examination will be revised to include and harmonized the Inspection Functions of CDA*

---

---

---

---

---

---

---

---



**G. Truth in Lending Act**

The Truth in Lending Act was enacted into law on October 31, 2008 to establish a comprehensive and centralized information system for the collection and dissemination of fair and accurate information relevant to, or arising from, credit and credit-related activities on all entities participating in the financial system

**CDA Initiatives:**

Issuance of Memorandum Circular No. 2012-05 - *Rules Implementing the Truth in Lending Act*

---

---

---

---

---

---

---

---

**H. Participation in the Formulation of Laws on Credit Surety Fund**

The Credit Surety Fund is envisioned to be a trilateral organization composes of cooperatives, LGUs, banks, and individuals and private organizations to be registered with CDA but under the supervision of the Bangko Sentral ng Pilipinas (BSP). It aimed to pool funds of participating entities with the goal of backing-up the loan, or serve as collateral, once a member of the same entity access the credit facility of funds. With a self-built in internal control systems and procedures, embedding the best known practices in insurance and lending, the law intends to support the program as initiated and supported by BSP.

---

---

---

---

---

---

---

---

**I. Self-Regulation/Deputation of Federation in Supervision & Examination of Cooperatives**

**CDA Initiatives:**

Issuance of Memorandum Circular No. 2011-23 - *Guidelines for the Deputation of Federations as Supervisors of the Financial Service Cooperatives (FSC) with Savings and Credit Services (SCS)*

---

---

---

---

---

---

---

---

**CONCLUSIONS:**

Much is still to be accomplished and to be done before the cooperative movement in the Philippines reach its full potential, but we can positively declare that Cooperative Development Authority (CDA) is right on its track in implementing the provisions of RA 9520. It live to its constitutional mandate of making cooperatives as a practical vehicle for promoting self-reliance and harnessing people power towards the development of viable and responsive economic enterprises and attainment of social justice. Such is our long-term vision .... bringing about a strong cooperative movement that is free from any conditions that might infringe upon the autonomy or cooperative organizational integrity.

---

---

---

---

---

---

---

---

**Thank You  
for  
Listening**

---

---

---

---

---

---

---

---