
PRIMER ON COOPERATIVES
FREQUENTLY ASKED QUESTIONS



DE LA SALLE
UNIVERSITY
COLLEGE OF LAW
DEVELOPMENTAL LEGAL
ADVOCACY CLINIC

WHAT IS A COOPERATIVE?

According to Article 3 of the Republic Act No. 9520 (RA 9520), 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.

WHAT ARE THE OBJECTIVES AND GOALS OF A COOPERATIVE?

Article 7, RA 9520 provides that the primary objective of every cooperative is to help improve the quality of life of its members. Towards this end, the cooperative shall aim to:

1. Provide goods and services to its members to enable them to attain increased income, savings, investments, productivity, and purchasing power, and promote among themselves equitable distribution of net surplus through maximum utilization of economies of scale, cost-sharing and risk-sharing;
2. Provide optimum social and economic benefits to its members;
3. Teach them efficient ways of doing things in a cooperative manner;

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4. Propagate cooperative practices and new ideas in business and management;
5. Allow the lower income and less privileged groups to increase their ownership in the wealth of the nation; and
6. Cooperate with the government, other cooperatives and people- oriented organizations to further the attainment of any of the foregoing objectives.

WHAT ARE THE TYPES OF COOPERATIVES?

There are a several types of cooperatives listed under Article 23 of RA 9520. Under the said provision, cooperatives may fall under any of the following types:

1. **Credit Cooperative**- one that promotes and undertakes savings and lending services among its members. It generates a common pool of funds in order to provide financial assistance to its members for productive and provident purposes;
2. **Consumers Cooperative**- is one of the primary purpose of which is to procure and distribute commodities to members and non-members;
3. **Marketing Cooperative**- one which engages in the supply of production inputs to members and markets their products;

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4. **Producers Cooperative**- is one that undertakes joint production whether agricultural or industrial. It is formed and operated by its members to undertake the production and processing of raw materials or goods produced by its members into finished or processed products for sale by the cooperative to its members and non-members. Any end product or its derivative arising from the raw materials produced by its members, sold in the name and for the account of the cooperative, shall be deemed a product of the cooperative and its members;

5. **Service Cooperative**- one which engages in medical and dental care, hospitalization, transportation, insurance, housing, labor, electric light and power, communication, professional and other services;

6. **Multipurpose Cooperative**- one which combines two (2) or more of the business activities of these different types of cooperatives;

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7. **Advocacy Cooperative**- a primary cooperative which promotes and advocates cooperativism among its members and the public through socially-oriented projects, education and training, research and communication, and other similar activities to reach out to its intended beneficiaries;
8. **Agrarian Reform Cooperative**- one organized by marginal farmers majority of which are agrarian reform beneficiaries for the purpose of developing an appropriate system of land tenure, land development, land consolidation or land management in areas covered by agrarian reform;
9. **Cooperative Bank**- one organized for the primary purpose of providing a wide range of financial services to cooperatives and their members;
10. **Dairy Cooperative**- one whose members are engaged in the production of fresh milk which may be processed and/or marketed as dairy products;

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11. **Education Cooperative**- one organized for the primary purpose of owning and operating licensed educational institutions notwithstanding the provisions of Republic Act No. 9155, otherwise known as the Governance of Basic Education Act of 2001;
12. **Electric Cooperative**- one organized for the primary purposed of undertaking power generations, utilizing renewable energy sources, including hybrid systems, acquisition and operation of subtransmission or distribution to its household members;
13. **Financial Service Cooperative**- one organized for the primary purpose of engaging in savings and credit services and other financial services;
14. **Fishermen Cooperative**- one organized by marginalized fishermen in localities whose products are marketed either as fresh or processed products;

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15. **Health Services Cooperative**- one organized for the primary purpose of providing medical, dental and other health services;

16. **Housing Cooperative**- one organized to assist or provide access to housing for the benefit of its regular members who actively participate in the savings program for housing. It is co-owned and controlled by its members;

17. **Insurance Cooperative**- one engaged in the business of insuring life and property of cooperatives and their members;

18. **Transport Cooperative**- one which includes land and sea transportation, limited to small vessels, as defined or classified under the Philippine maritime laws, organized under the provisions of this Code;

19. **Water Service Cooperative**- one organized to own, operate and manage water systems for the provision and distribution of potable water for its members and their households;

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20. **Workers Cooperative**- one organized by workers, including the self-employed, who are at same time the members and owners of the enterprise. Its principal purpose is to provide employment and business opportunities to its members and manage it in accordance with cooperative principles; and

21. **Other types of cooperative** as may be determined by the Authority.

WHAT ARE THE BENEFITS AND PRIVILEGES OF A COOPERATIVE?

As provided under Article 62, RA 9520, cooperative registered under R.A. 9520 enjoy the following privileges:

1. Cooperatives shall enjoy the privilege of depositing their sealed cash boxes or containers, documents or any valuable papers in the safes of the municipal or city treasurers and other government offices free of charge, and the custodian of such articles shall issue a receipt acknowledging the articles received duly witnessed by another person;
2. Cooperatives organized among government employees, notwithstanding any law or regulation to the contrary, shall enjoy the free use of any available space in their agency, whether owned or rented by the Government;

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3. Cooperatives rendering special types of services and facilities such as cold storage, ice plant, electricity, transportation, and similar services and facilities shall secure a franchise therefor, and such cooperatives shall open their membership to all persons qualified in their areas of operation;

4. In areas where appropriate cooperatives exist, the preferential right to supply government institutions and agencies rice, corn and other grains, fish and other marine products meat, eggs, milk, vegetables, tobacco and other agricultural commodities produced by their members shall be granted to the cooperatives concerned;

5. Preferential treatment in the allocation of fertilizers and in rice distribution shall be granted to cooperatives by the appropriate government agencies;

6. Preferential and equitable treatment in the allocation or control of bottomries of commercial shipping vessels in connection with the shipment of goods and products of cooperatives;

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17 Cooperatives and their federations, such as market vendor cooperatives, shall have preferential rights in management of public markets and/or lease of public market facilities, stall or spaces;

8. Credit cooperatives and/or federations shall be entitled to loans, credit lines, rediscounting of their loan notes, and other eligible papers with the Development Bank of the Philippines, the Philippine National Bank, the Land Bank of the Philippines and other financial institutions except the Central Bank of the Philippines;

9. Cooperatives transacting business with the Government of the Philippines or any of its political subdivisions or any of its agencies or instrumentalities, including government-owned and controlled corporations shall be exempt from pre-qualification bidding requirements; and

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10. Cooperatives shall enjoy the privilege of being represented by the provincial or city fiscal or the Office of the Solicitor General, free of charge, except when the adverse party is the Republic of the Philippines.

12. Cooperatives shall have the preferential right in the management of the canteen and other services related to the operation of the educational institution where they are employed: Cooperatives organized by faculty members and employees of educational institutions Provided, That such services are operated within the premises of the said educational institution; and

13. The appropriate housing agencies and government financial institutions shall create a special window for financing housing projects undertaken by cooperatives, with interest rates and terms equal to, or better than those given for socialized housing projects. This financing shall be in the form of blanket loans to qualified cooperatives, without need for individual processing.

WHO CAN BE MEMBERS OF A COOPERATIVE?

Any natural person, who is a citizen of the Philippines and is of legal age or a juridical person like a cooperative or non-profit organization is qualified to be a member of a cooperative, provided further that the person meets the qualifications prescribed in the bylaws of the cooperative he/she wishes to be a member of (Article 26, RA 6938).

However, minors may organize laboratory cooperatives (Article 26, RA 9520).

WHAT ARE THE KINDS OF MEMBERSHIP IN A COOPERATIVE?

There are two (2) kinds of members under Article 26, RA 9520:

1. Regular members; and
2. Associate members.

A **regular member** is one who has complied with all the membership requirements and entitled to all the rights and privileges of membership as stated in the Cooperative Code and the cooperative by laws.

An **associate member** has no right to vote and be voted upon and is entitled only to such rights and privileges provided by the cooperative's bylaws.

**WHEN DOES AN
APPLICANT FOR
MEMBERSHIP IN A
COOPERATIVE ACQUIRE
HIS RIGHTS AS A
MEMBER?**

An applicant becomes a cooperative member when his application is approved by the board of directors. He may exercise his rights as a member after he makes the payments that are due to the cooperative, as set forth by Article 28, RA 9520.

HOW IS MEMBERSHIP IN A COOPERATIVE TERMINATED?

As provided under Article 30, RA 9520, membership in a cooperative may be terminated by reason of death or insanity of a member in a primary cooperative, or the insolvency or dissolution of a member in a secondary or tertiary cooperative.

Membership may be terminated by a vote of the majority of all the members of the board of directors for the following causes:

1. When a member has not patronized any of the services of the cooperative for an unreasonable period of time as may be previously determined by the board of directors;
2. When a member has continuously failed to comply with his obligations;
3. When a member has acted in violation of the bylaws and the rules of the cooperative; and

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4. For any act or omission injurious or prejudicial to the interest or the welfare of the cooperative.

In the above scenarios, such member shall be informed of the intended termination in writing and shall be given an opportunity to be heard before the board makes its decision.

MAY A MEMBER WITHDRAW HIS MEMBERSHIP FROM A COOPERATIVE?

Yes. Under Article 30, RA 9520, a member may withdraw his membership from a cooperative by giving a 60-day notice to the board of directors.

HOW TO ORGANIZE A COOPERATIVE?

Listed below are the steps in setting up a cooperative as suggested in the Cooperative Development Authority (CDA) website (<https://cda.gov.ph/frequently-asked-questions/#>).

FIRST. **Get organized**. You must have at least 15 members to do that. At once determine the common problems you would want solved and the basic needs you would want provided for through a cooperative. You may want to include increasing your production, marketing your produce, credit assistance, power generation, banking or insurance and other similar needs. Determining your problems and needs will also help you classify the kind of cooperative you will be organizing. Even before a cooperative is set up, a dedicated core group people who will do all the organizational and paper works is a must. From this core group, working communities may be formed to set things moving. These committees may include membership, finance, executive, secretariat to name a few.

SECOND. **Reserve your proposed cooperative name**. Secure and fill up Cooperative Name Reservation Request Form (CNRRF). This must be submitted to CDA Central Office or any of its Extension Office. A reservation fee shall apply.

THIRD. **Prepare a general statement called an Economic Survey**. Economic Survey is a general statement describing, among others, the structure and purposes of the proposed cooperative. The structure and actual staffing pattern shall include a bookkeeper. This should indicate the area of operation, the size of membership and other pertinent data in a format provided by the Authority.

FOURTH. **Prepare the cooperative's by-laws**. The by-laws contain the rules and regulations governing the operation of the cooperative.

FIFTH. Prepare the articles of cooperation. Mandatory contents of the articles of cooperation are the following:

(a) the name of the cooperative, which must include the word "cooperative";

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(b) the purpose or purposes and scope of business for which the cooperative is to be registered;

(c) the term of existence of cooperative;

(d) the area of operation and the postal address of its principal office;

(e) the names, nationality and the postal addresses of the registrants;

(f) the common bond of membership;

(g) The list of names of the directors who shall manage the cooperative; and

(h) The amount of its share capital, the names and residences of its contributors, and a statement of whether the cooperative is primary, secondary or tertiary. The articles of cooperation shall be signed by each of the organizers and acknowledged by them if natural persons, and by the chairpersons or secretaries, if juridical persons, before a notary public.

SIXTH. **Secure bond of accountable officer(s)**. A surety bond should be secured from a duly registered insurance or bonding company. Every director, officer and employee handling funds, securities or property on behalf of the cooperative shall be covered by this. The board of directors shall determine the adequacy of such bonds.

SEVENTH. **Execute Treasurer's Affidavit**. A sworn statement of the treasurer elected by the subscribers showing that at least twenty-five per centum (25%) of the authorized share capital has been subscribed, and at least twenty-five per centum (25%) of the total subscription has been paid should be executed and to be attached to the articles of cooperation. The paid-up share capital shall not be less than Fifteen thousand pesos (P15,000.00).

EIGHTH. **Complete the Pre-Membership Education Seminar (PMES)**. A prospective member of a primary cooperative must have completed a Pre-Membership Education Seminar (PMES). You may contact the Regional or Extension Office which has jurisdiction over your proposed cooperative for technical assistance.

NINTH. *Register your cooperative with the Cooperative Development Authority (CDA)*. Submit the following required documents in four (4) copies:

1. Economic Survey;
2. Articles of Cooperation and By-Laws;
3. Surety bond of accountable officers;
4. Treasurer's Affidavit;
5. Approved Cooperative Name Reservation Slip;
6. Certificate of PMES;

WHICH GOVERNMENT AGENCY IS CHARGED WITH THE PROMOTION AND DEVELOPMENT OF A COOPERATIVE?

The Cooperative Development Authority (CDA) which was created by RA 6939 is the government agency that has the obligation to promote and help develop cooperatives. It is the government agency in charge of the registration and regulation of cooperatives (Article 5, par. 8, RA 9520).

HOW MANY PERSONS ARE NEEDED TO ORGANIZE A COOPERATIVE?

Article 10, RA 9520 requires not less than fifteen (15) natural persons, who are Filipino citizens, and of legal age are needed to organize and register a cooperative. They must also have a common bond of interest and are actually residing or working in the intended area of operation.

WHERE DO WE REGISTER A COOPERATIVE?

The Cooperative Development Authority (CDA) is the sole government agency mandated to register all types of cooperatives. Its main office is located at 827 Aurora Blvd., Immaculate Conception, Quezon City. For registration of primary cooperatives, this power has been delegated to the Regional or Extension Offices.

To facilitate the flow of its services, extension offices have been set up. These Regional or Extension Offices are located in:

1. CAR – Baguio City

Address:

4F New Building, Lyman Ogilby
Centrum, 358 Magsaysay Avenue,
2600 Baguio City

Contact Number:

(074) 422-0038

2. NCR – Quezon City

Address:

Lower Ground Floor, Edsa Grand
Residences, 75 Corregidor St., Corner
EDSA, Bago Bantay, Barangay
Magsaysay, Quezon City 1105

Contact Number:

(02) 8442-9539

(02) 8291-6422

3. Region I – Dagupan City

Address:

3/F Siapno Bldg., Perez Blvd., 2400
Dagupan City

Contact Number:

(075) 522-8285

(075) 522-8285

4. Region II – Tuguegarao City

Address:

No. 7 Dalan na Pagayaya Corner,
Puvvurulun, Regional Government
Center, Carig Sur, 3005 Tuguegarao
City, Cagayan

Contact Number:

(078) 377-1173

5. Region III – San Fernando, Pampanga

Address:

Malikhain St. Corner Mahusay St.,
Diosdado, Macapagal Government
Center, Barangay Maimpis, City of
San Fernando, 2000 Pampanga

Contact Number:

(045) 963-5107
(045) 963-5107

6. Region IV-A – Calamba City

Address:

2/F Hectan Penthouse Bldg., Brgy.
Halang, Calamba City, Laguna

Contact Number:

(043)738-2496

7. Region IV-B – Oriental Mindoro

Address:

2/F Floor Santes Bldg., National
Highway, Brgy. Bayanihan I, Calapan
City, Oriental Mindoro

Contact Number:

(075) 522-8285
(075) 522-8285

8. Region V - Naga City

Address:

Civic Center Compund, Dayangdang,
Naga City (Maria Cristina St., Corner
Mayon Ave. Extension, Naga City

Contact Number:

(054) 205-0498

(054) 473-9053

9. Region VI - Iloilo City

Address:

92 Valencia Street, 5003 Leganes,
Iloilo

Contact Number:

(033) 524-8090

(033) 524-8089

(033) 329-2055

10. Region VII - Cebu City

Address:

M. Velez Street, Cebu City

Contact Number:

(032) 263-5425

(032) 254-0481

11. Region VIII – Tacloban City

Address:

New Bus Terminal Compound, Brgy. 91,
Abucay, 6500 Tacloban City

Contact Number:

09127099752

09058839817

12. Region IX – Pagadian City

Address:

2/F, Bance Bldg., Urro St., San Jose
District, 7016 Pagadian City

Contact Number:

(062) 925-0181

214-1398

13. Region X – Cagayan De Oro City

Address:

Macapagal Drive-Crossing Canitoan,
Zone 2, Barangay Canitoan, 9000
Cagayan De Oro City

Contact Number:

(088) 850-1891

(088) 850-1892

14. Region XI - Davao City

Address:

2/F G.B. Cam Bldg., Monteverde
Avenue 8000 Davao City

Contact Number:

(082) 225-8064

(082) 222-7710

15. Region XII - Kidapawan City

Address:

Chrlde Building, Apo Sandawa Homes
III 9400 Kidapawan City, Cotabato

Contact Number:

(064) 521-0342

16. Region XIII - Butuan City

Address:

3/F Balebria Bldg., Pili Drive, Dagohoy
8600 Butuan City

Contact Number:

(085) 342-5530

(085) 300-0496

17. ARMM – Cotabato City

Address:

Door I Guiapal Bldg., 28 A. Abadoy
Street, Poblacion II, Cotabato City,
9600, Cotabato

Contact Number:

(064) 421-8723

Prospective cooperatives may submit their application to the CDA Extension Office where the principal office of the cooperative is located. Online cooperative registration is also available by logging on to <http://www.cda.gov.ph>

WHAT IS MEANT BY REGISTRATION OF COOPERATIVE?

Article 5, par. 7, RA 9520 defines registration of a cooperative as an operative act that grants juridical personality to a proposed cooperative and is evidenced by a certificate of registration.

**WHAT IS THE REMEDY
OF AN APPLICANT FOR
REGISTRATION IF HIS
APPLICATION FOR
REGISTRATION IS
DENIED BY THE CDA?**

The remedy provided under Article 16, RA 9520 is for the applicant to appeal to the Office of the President within 90 days from receipt of the notice of denial, provided that failure on the part of the Office of the President to act on the appeal within 90 days from filing thereof shall mean the approval of the application.

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HOW TO RUN A COOPERATIVE?

Article 37, RA 9520 dictates that the direction and management of the affairs of a cooperative shall be vested in a board of directors.

WHAT IS THE COMPOSITION OF THE BOARD OF DIRECTORS?

According to Article 37, RA 9520, the board is composed of not less than five (5) nor more than fifteen (15) members elected by the general assembly.

WHAT IS THE LIFE TERM OF A COOPERATIVE?

The life term of a cooperative is found under Article 13, RA 9520. The provision states that a cooperative has a basic term of fifty (50) years from the date of registration unless sooner dissolve or unless said period is extended.

**MAY THE TERM OF A
COOPERATIVE BE
EXTENDED?**

Yes, the term may be extended for another fifty (50) years provided that no extension may be made earlier than 5 years prior to the original or subsequent expiry date of the term or unless there are justifiable reasons for an earlier extension as may be determined by the CDA, as provided under Article 13, RA 9520.



WANT TO LEARN MORE
ABOUT COOPERATIVES?

Reach out!



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www.cda.gov.ph