



Image credit: PCF

# COOPERATIVES IN THE PHILIPPINES (DRAFT)

## Contribution of cooperatives to the Philippines' economy

- 18,065 – number of cooperatives in the Philippines.
- 10.7 million members (10% of the population) in cooperatives.
- 580,800 direct and 1.9 million indirect employees in cooperatives.
- US\$ 8.48 billion (PHP 429.7 billion) held in assets by cooperatives.
- US\$ 76.96 million (PHP 3.9 billion) contributed via indirect taxes by cooperatives.

(All figures as of 2018)

### Did you know?

- Article 12 of the Constitution recognises cooperatives as a model to promote the economy.
- The Cooperative Development Authority (CDA) was established in 1990 as the regulatory and governing authority of cooperatives.
- Philippine Cooperative Centre (PCC) is the national apex for all cooperatives.
- ACDI Multipurpose Cooperative is the largest cooperative in the Philippines since 2014 with an asset base over US\$ 650 million (PHP 33 billion).
- CDA started the Gawad Parangal awards in 2011 to recognise outstanding primary cooperatives. PCC has been honouring the living icons of the cooperative movement through the Bigay Pugay Awards since 2014.
- Mr. Teodoro Sandiko is recognised as the "Father of Cooperation" for preparing the first-ever cooperative legislation. Mr. Aquilino Pimentel Jr. is called the "Father of Cooperativism" for authoring the Cooperative Code of the Philippines.
- The Constitution of the Philippines provides that within the House of Representatives, the party-list representatives shall constitute 20% of the total number of representatives. The Cooperative NATCCO party (Coop-NATCCO) is a party-list in the Philippines that has represented the cooperative sector in the Philippine Congress since 1998.
- ICA has ten members from the Philippines. The members with their year of affiliation are National Confederation of Cooperatives (NATCCO, 1981); VICTO National Cooperative Federation and Development Centre (VICTO National, 2010); Federation of Peoples' Sustainable Development Cooperative (FPSDC, 2015); PCC (2015); CDA (2017); MASS-SPECC Cooperative Development Centre (MASS-SPECC, 2017); Union of Legitimate Service Contracting Cooperatives (ULSCC, 2017); Aurora Integrated Multipurpose Cooperative (AIMCooP, 2018); Metro South Cooperative Bank (MSCB, 2019); and 1 Cooperative Insurance System of the Philippines Life and General Insurance (ICISP, 2019).

Filipinos (such as Jose Rizal and Teodoro Sandiko) studying and traveling across Europe in the 19th century were influenced by the ongoing social revolution and brought the cooperative model back home. Cooperatives are seen as a nation-building measure that bring both social and economic benefits. The cooperative sectors' strategic vision as outlined in the 2018-2022 Philippine Cooperative Development Plan (PCDP) is to work "towards a globally competitive and resilient cooperative industry for a progressive nation." Cooperatives are also being developed as part of the Peace Initiatives in the post-conflict reconstruction of Mindanao.

## Types of cooperatives in the Philippines

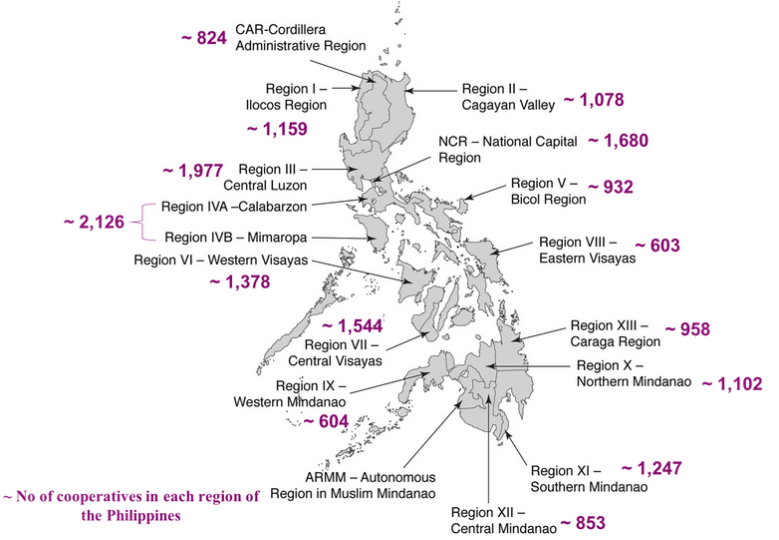
There are 21 types of cooperatives based on their main operations.

Sector	Count
Multipurpose	9,541
Credit and banks	2,624
Consumer	1,148
Producer	1,008
Agriculture and dairy	716
Marketing	672
Agrarian reform	637
Service	618
Transport	505
Others*	596

\*Includes water service, housing, labour service, fisheries and more.

## Geographical presence of cooperatives in the Philippines

Cooperatives are present in all the administrative regions.



## Evolution of the cooperative movement

### → 1890 - 1970

- Jose Rizal, who travelled to Spain, set up the first cooperative in 1896 for agricultural marketing. Similarly, Teodoro Sandiko, influenced by the German cooperative banking model, prepared the 1915 Rural Credit Act.
- The first rural credit associations, to help farmers, were formed in 1916 under the Bureau of Agriculture. By 1926, there were 544 such cooperatives across 42 provinces. However, by 1935, 90% were inactive due to incompetent managers and improper use of credit by borrowers.
- Church-based cooperatives started in the Ilocos Region in 1938 supported by the savings of the parish members.
- Cooperatives thrived in the post-World War II years as they were tasked by the government to help with the distribution of relief goods. In 1947, the government consolidated their influence by creating the Cooperative Administration Office (CAO).
- Thousands of primary cooperatives met in 1960 and formed five regional cooperative training centres.
- In 1969, a government mandate made it compulsory to utilise cooperatives as primary conduits for credit, supply and marketing services to the agricultural sector.

### → 1971 - 1999

- When the Martial Law was declared in 1972, the CAO was abolished and the Bureau of Cooperative Development (BACOD) established. All existing cooperatives had to re-register and follow pre-cooperative village-level structures called 'Samahang Nayan' (SN).
- From 1973 to 1975, decrees were issued for forming transport, electric and sugar cooperatives.
- The five regional centres reacted to the excessive government interference by forming NATCCO in 1977. By 1986, only 5% of the 22,000 SNs were active due to waning government support.
- After the 1986 People Power Revolution, cooperative leaders advocated for more cooperative-friendly legislations in the new Constitution. Senators Aquilino Pimentel Jr. and Agapito Aquino drafted the Cooperative Code which was signed into law in 1990. Another Act in 1990 established the CDA and abolished the BACOD.
- Through the 1990s, the government agencies were channelling development initiatives through cooperatives in food distribution, family planning and employment.
- By 1993, the cooperative network had become the country's largest socio-economic institution with 3.2 million members in 25,125 cooperatives.
- The National Association of Cooperative Education (NACE) was formed in 1996 to solve the problem of lack of cooperative education and training at the regional, provincial, and municipal level.

### → 2000 - Present

- The cooperative sector contributed US\$ 9.68 billion (PHP 517 billion) to the economy in 2003 which was 12.5% of the country's GDP.
- PCC and CDA convened the First National Cooperative Summit – the largest gathering of Filipino cooperators – in 2004.
- The Cooperative Code was amended in 2009 to improve the state of local cooperatives.
- The Philippine Development Plan (2011-2016) provided for technical, financial and institutional development assistance to micro and small cooperatives to reduce poverty in rural areas. The CDA also released a three-point agenda to mainstream membership in cooperatives, develop human resources and recognise exemplary cooperatives.
- A national committee was set up to streamline government programs for cooperatives in 2012.
- In 2014, there was a call for reinforcing the cooperative movement and PCC was declared the national apex.
- Nationwide primary cooperatives formed Southeast Asia's first Cooperative Broadcasting Federation of Mindanao (COOP TV) in 2015. The online TV station promotes cooperatives and broadcasts lectures delivered by accredited cooperative trainers.
- Philippines was a signatory to the 2016 ASEAN Cooperative Business Forum Declaration that promoted agricultural cooperatives.
- The PCDP for 2018-2022 advocated inter-government coordination to create an enabling environment for cooperatives.
- CDA launched the Mindanao Peace and Normalisation through Cooperative Development (MPNCD) project in 2019 to organise and develop cooperatives for decommissioned combatants of the Bangsamoro Islamic Armed Forces in the conflict areas of Mindanao. In its first phase, MPNCD targeted 70 cooperatives to provide them with post-harvest facilities and livelihood assistance.

## Law on cooperatives

- **1906-** Cooperatives with more than five members could register under the Corporation Law (Act No. 1459) that provided for the formation and organisation of economic and non-economic corporations.
- **1940-** Commonwealth Act No. 565 was the first cohesive law that provided for the organisation of cooperatives and asked for the formation of a separate National Cooperative Administration to regulate cooperatives.
- **1971-** Executive Order No. 299 created the Presidential Cooperative Development Council to unify the existing 14 government agencies that were working with cooperatives.
- **1990-** The Cooperative Code of the Philippines (Republic Act No. 6938) made it the state's duty to foster the creation and growth of primary cooperatives so that they may provide maximum economic benefits and social justice to its members.
- **2009-** Philippine Cooperative Code of 2008 (Republic Act No. 9520), enacted in 2009, amended and consolidated the 1990 Cooperative Code. It defined a cooperative as an autonomous institution in accordance with universally accepted cooperative principles.

## Key highlights of the Philippine Cooperative Code of 2008

- At least 15 members are required to register a cooperative.
- Required minimum paid-up share capital increased from PHP 2,000 to PHP 15,000 to register as a cooperative.
- Cooperatives will only be taxed on transactions with non-members.
- Multipurpose cooperatives need to be in operation for at least two years before they can register.
- A parent cooperative can organise a subsidiary cooperative if its total net worth is at least PHP 50 million.
- A guardian cooperative can supervise more than one laboratory cooperative at a time. Members of a laboratory cooperative are primarily juvenile students from a particular school. Once they reach majority, they may opt to join the guardian cooperative.
- Officers of a cooperative are required to undergo a minimum of 16 hours of training on the fundamentals of cooperatives and another 16 hours on governance and management of cooperatives.
- Cooperatives have to undergo a Social Audit to monitor their contributions towards the social welfare of their member and community.

## Cooperative landscape of the Philippines

Cooperatives in the Philippines participate in the implementation of the Sustainable Development Goals (SDGs) in several areas with the assistance of the government, specifically, gender equality and the empowerment of women. The Philippine Plan for Gender-Responsive Development (1995-2025) mandated the implementation of gender and development (GAD) in public and private sector, in accord with the provision of human rights guaranteed by the Constitution. The CDA through its Circular on the 'Guidelines to Mainstream Gender and Development in Cooperatives', mandates all the registered cooperatives to mainstream GAD in policy; cooperative development plan; and programmes, activities and projects. It also provides for gender mainstreaming through GAD budget, GAD committee, GAD educational and training programs, among others.

### Providing investment in innovation (SDG 9): Philippine Cooperative Central Fund Federation (PCF)

In 1978, four VICTO-affiliated cooperatives in Cebu decided to pool US\$ 678 (PHP 5,000) each, to set up the Co-op Interlending Fund System (CIFS) – a solution to the banks' indifference to their liquidity needs. Over the years, CIFS evolved to become the alternate financial intermediary. It separated from VICTO in 1996 to become a separate autonomous cooperative federation and renamed PCF in 2009. It provides its cooperative members products and services such as cash transfers, savings and time deposits, credit and lending. PCF's offerings also include programmes to enhance management capacity of cooperatives, to expand their business, investing in cooperative agri-businesses, and providing solutions for credit management. They have also been promoting climate change action in the aftermath of Typhoon Haiyan.



Members sign a resolution to combat climate change and its impact.  
Image credit: PCF

### Promoting cooperative identity in youth through education (SDG 4): Lamac MPC Youth Planet Laboratory Cooperative (LMPC Youth)

Lamac Multipurpose Cooperative formed LMPC Youth in 2004 to empower the youth in rural Lamac to save money and become financially savvy. Since then, the cooperative has amassed 10,300 members aged 7 to 17 years old who are taught the value of thrift and savings while learning cooperative principles, leadership and entrepreneurial skills. Their young members also have access to two clubs - CYP Production House and CYP Performing Arts - where they can showcase their talents and skills. Members have hosted events and also performed at regional and national cooperative seminars. Its Sustainable Agricultural Education Program (SAGEP-Youth) educates the youth to engage in agricultural enterprises. They also do community outreach activities through scholarships, tree plantations, meals for impoverished people and first aid workshops. It has actively participated in various youth-based programmes of ICA Asia and Pacific, such as, the Cooperative Youth Summit in Bali (2016) and Cooperative Youth Summit in Cebu (2018).



CYP Performing Arts at a show.  
Image credit: LMPC Youth

### Promoting decent work (SDG 8) through technological innovation: RedRoot Artists Cooperative

RedRoot is the first artists' cooperatives in the Philippines established in 2008. It is a multipurpose cooperative that offers expert services like design innovation, audio-visual communication and marketing strategy development. Currently, it comprises of 25 members, and works closely with other youth-based networks on special projects, such as, the National Youth for Heritage, and the Sea and Earth Advocates Camp, based in the Philippines. In 2018, it won the Philippine Quill Awards, which is one of the most prestigious awards in the field of business communication in the country. RedRoot has actively participated in various youth-based programmes of ICA Asia and Pacific, such as, the Cooperative Youth Summit in Bali (2016), Cooperative Youth Summit in Cebu (2018) and the Young Development Professionals Meeting in New Delhi (2019).



Image credit: RedRoot Artists Cooperative

### Taking climate action (SDG 13): PH-Haiyan Advocacy Cooperative (PH-Haiyan)

PH-Haiyan is a cooperative started by Tacloban survivors of Typhoon Haiyan that caused catastrophic destruction in November 2013. The advocacy cooperative envisions strengthening the resiliency of Tacloban to future natural disasters due to climate change by developing and implementing plans and projects to improve the adaptive capacity of vulnerable groups such as homeless people, fishermen, urban poor, farmers, etc. At the same time, they want to mitigate future disasters by protecting the environment and reviving the mangrove forests along the coast to act as natural barriers. They are working on early warning systems, disaster preparedness workshops, rapid response and relief training. In 2019, they planted more than 6,000 trees and in 2018, they co-organised the Visayas Cooperative Conference on Climate Change Adaptation and Mitigation to urge mainstream cooperatives to get involved in preventing climate change. Their goal is to make Tacloban a model for climate resiliency.



Conducting a study of environmental operations in Cancabato Bay.  
Image credit: PH-Haiyan



- In 2004, VICTO National partnered with the World Council of Credit Unions (WOCCU) to set up savings and credit cooperatives in Afghanistan. As part of the five-year project, VICTO trained Afghans and helped set up 40 cooperatives.
- NATCCO has been implementing Aflatoun's social and financial literacy programmes among Filipino youth since 2007. NATCCO also tied up with the Department of Education to promote financial education as part of the school curriculum.
- Ms. Elenita San Roque, CEO of the Association of Asia Confederation Credit Union (ACCU), won the 2014 Global Women's Leadership Network's Empowerment Grant.
- Various Filipino cooperators have won the Filene and Biden Awards, also called the 'Credit Union Oscars,' such as Ms. Roberta Verano of I-CUDE (2014), Mr. Jose Allan S. Bartolo of Bugasong Multi-Purpose Cooperative (2015), Mr. Dudz Samson of I-CUDE (2016), Ms. Justine Lynn Limocon of LMPC (2017), Ms. Marilou Guanzon-Apalisok for the training programme "The Storytelling Power of Co-Operatives" (2018), Mr. Gadwin Handumon of Paglaum Multi-Purpose Cooperative (2019), and Mr. Patrick John Rico of ACDI Multipurpose Cooperative (2019).
- In 2017, NATCCO, the ACCU, and the Philippine Federation of Credit Cooperatives (PFCCO) launched the Kaya Payment Platform, a cloud-based payment service that will facilitate intra- and inter-cooperative transactions.
- NATCCO and the PFCCO are a part of the Interoperable Digital Financial Services for Credit Unions project by WOCCU from 2018-2020. The project focuses on digitising the services of credit unions so that they can be accessible to the 69 million underserved people in the Philippines.
- Since 2015, NATCCO has been working with the Ateneo Leadership, Innovation, and Social Entrepreneurship Program (ALSE OF LIFE) of the Ateneo de Manila University's School of Government, to reach out to overseas Filipino workers and their families, for their improved socio-economic security through the cooperative system.

## Engagement with ICA-AP

- Filipino cooperators participated in the 2006 International Cooperative Trade Fair and Symposium held in Iran and the 2007 International Cooperative Trade Fair in Indonesia.
- ICA members from across the world raised funds to help rebuild the cooperatives affected by Typhoon Haiyan in 2013.
- ICA has been actively represented by Filipino cooperative leaders in its Advisory Council (General AS Lozada) and the Regional Board (Mr. Guillermo P. Cua, Mr. Godofredo E. Lising Jr., Ms. Divina C. Quemi, Mr. Jose Romeo B. Ebron, Mr. Efen M. Bravo, Ms. Amneris G. Gabriel, and Mr. Adolfo A. Ibanez).
- Philippines has hosted various ICA conferences, meeting and workshops - Tagatay Conferences on the Status of Women in Cooperatives (1997, 2006, 2016), the First Coop Think Tank Consortium (1998), Second Asia-Pacific Cooperative Forum (2002), Workshop on Enhancing the Role of Women in Cooperative Business (2009), and the Second Asia Pacific Cooperative Youth Summit (2018).
- Cooperators from the Philippines have benefitted from the various seminars, conferences, workshops and training like the Cooperative Ministers' Conference (1990, 2017), Regional Workshops for Managers of Consumer Cooperatives (2005, 2008, 2010), Training Courses on the Promotion of Sustainable Enterprises for Rural Women (2007, 2008), ASEAN Cooperative Development Meeting (2017), Asia-Pacific Cooperative Development Conference (2018); and by the ICA-AP consumer, women, research and youth committees.

## What are cooperatives?

Cooperatives are people-centred enterprises owned, controlled and run by and for their members to realise their common economic, social, and cultural needs and aspirations.

## Cooperative values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

## Cooperative principles

The seven cooperative principles are guidelines by which cooperatives put their values into practice.

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation among Cooperatives
7. Concern for Community

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## About International Cooperative Alliance Asia and Pacific

ICA-AP is one of four regional offices of the ICA. Established in 1960 in New Delhi, India, it unites, promotes, and develops cooperatives in the region. ICA-AP's 108 members from 33 countries spans a variety of sectors, including agriculture, credit and banking, consumer, education, fisheries, forestry, housing, and insurance.

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