

**[CDA MEMORANDUM CIRCULAR NO. 2011-24,
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POLICY GUIDELINES FOR WORKERS COOPERATIVES

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Pursuant to the powers vested by Republic Act No. 6939, the World Declaration on Workers Cooperative by the International Cooperative Alliance (ICA), and the International Labour Organizations (ILO) Recommendations 193/2002, the Cooperative Development Authority in consultation with Workers Cooperative sector, hereby promulgates the following guidelines for Workers Cooperatives.

SECTION 1. Title - These guidelines shall be known as "Policy Guidelines for Workers Cooperatives".

SECTION 2. Policy - It is the declared 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 and social justice.

SECTION 3. Purpose - These guidelines shall govern the orderly operation of workers cooperatives in compliance with the requirements as provided under RA 9520, its Implementing Rules and Regulations, relevant administrative issuances by the Cooperative Development Authority (CDA), and Department Order No. 18-A series of 2011 and any related issuances issued by the Department of Labor and employment (DOLE).

SECTION 4. Coverage - These guidelines shall specifically cover all workers cooperatives duly registered with the Authority under RA 9520.

SECTION 5. definition of Terms - As used in these guidelines, the following terms shall be defined as:

- a. Workers Cooperative - A cooperative owned and controlled by the workers themselves. It is organized by workers including self employed, who are at the same time the members and owners of the enterprise. As understood herein, the term ownership shall mean actual contribution to the share capital of the cooperative up to the maximum allowed by law and the bylaws. All share capital shall be entitled to interest as may be declared from time to time. The term control shall mean the exercise of right to vote. As mandated by law, each regular member shall only have one vote regardless of the number of shares actually held. Its principal purpose is to provide jobs and business opportunities to its members and

manage it in accordance with cooperative principles.

b. Member-owner - A member of a Workers' Cooperative. He works in the cooperative or is deployed as a worker in a company availing of the services offered by the cooperative. Worker ownership means work and management are carried out jointly, without the typical limitations of individual work, nor exclusively under the rules of conventional wage-based labor.

c. Self-employed worker - a self employed is a person who has his own occupational capacity put to productive use by applying his own capital raised by himself or together with other self employed persons pursuing related occupational interest. As a member of Workers' Cooperative he is a worker-owner.

d. employee - As contrasted against a self employed, an employee is a person whose occupational capacity is put to productive use by capital not his own or owned by a group pursuing the same or related interest. A self employed individual earns from his labor as well as from his own capital. An employee earns merely from his labor in terms of wages, paid for by the person providing the capital. An employee is under the continuous subordination to an employer who provides a compensation resulting exclusively from individual or collective negotiations.

SECTION 6. Purposes and Objectives - A Workers Cooperative shall be organized for any or all of the following purposes.

a. Job Creation - to created jobs for its members through the establishment of owned and managed business enterprises;

b. Income Enhancement - to provide education and training for the worker-owner in order to increase their productivity and incomes and other business opportunities to increase family income;

c. Economic Sustainability - to expand its cooperative's businesses and provide jobs which are continuous and stable;

d. Integral Human Development - to create holistic programs for the continuous improvement of the worker-owners quality of life; and

e. Social and Cultural Development - to undertake social and cultural activities for the socio-economic enrichment of the communities in the areas of operations of the cooperative.

SECTION 7. Business Operation - A workers cooperative may engage in any legitimate businesses, such as but not limited to manufacturing, production, retail and distribution, tourism services, agri-business, telecommunications and transportation services, construction, financial services, hospital, educational institutions, hotels, restaurants, job contracting, business processing, and outsourcing.