

**[ CDA MEMORANDUM CIRCULAR NO. 01, S. 1996,  
January 10, 1996 ]**

**GUIDELINES ON THE FORMULATION OF ARTICLES OF  
COOPERATION AND BY-LAWS FOR INDIGENOUS PEOPLE'S  
COOPERATIVES (IPCS)**

Pursuant to CDA Board Resolution No. 372, s. 1995 dated October 5, 1995, as amended by Resolution No. 469, s. 1995 dated December 11, 1995, the Authority adopted the Guidelines on the formulation of Articles of Cooperation and By-Laws for Indigenous People's Cooperatives (IPCs), copy of which is hereto being attached as Annex "A".

The guidelines shall govern the procedures required to be undertaken in the area of the registration of IPCs with the CDA.

For information and guidance.

Adopted: 10 Jan. 1996

(SGD.) EDNA E. ABERILLA  
*Chairman*

**ANNEX "A"**

**GUIDELINES ON THE FORMULATION OF ARTICLES OF COOPERATION AND  
BY-LAWS FOR INDIGENOUS PEOPLE'S COOPERATIVES**

**1**

**Legal Basis**

**1.1 Provisions of R.A. No. 6938**

**1.1.1 Article 2. Declaration of Policy** — It is the declared policy of the State to foster the creation and growth of cooperatives as a practical vehicle for promoting self-reliance and harnessing people power towards the attainment of economic development and social justice. The State shall encourage the private sector to undertake the actual formation and organization of cooperatives and shall create an atmosphere that is conducive to the growth and development of these cooperatives.

Towards this end, the government.....shall ensure the provision of technical guidance, financial assistance and their services to..... bring about a strong cooperative movement that is free from any conditions that might infringe upon the autonomy or organizational integrity of cooperatives.

1.1.2 *Article 4. Cooperative Principles* — Every cooperative shall conduct its affairs in accordance with Filipino culture and experience and the universally accepted principles of cooperation.....

## **2**

### **Definition of Terms**

*(Yet to be defined)*

## **3**

### **Formulation of Articles of Cooperation**

#### ***Preamble***

The Preamble may follow the generally accepted formulation. However, the following items may be considered:

3.1 Inclusion of the tribal affiliation of the cooperators; and

3.2 Inclusion of the indigenous traditions, customs, knowledge systems and practices (ITCKSP) as part of the legal basis for cooperation not contrary to law, public policy and morals.

#### ***Name***

The cooperators may exercise freedom in naming their cooperative, including the use of terms from local dialect in such name. The term 'cooperative' must however be part of the name in order to entitle the organization to the benefits of RA No. 6938.

#### ***Objectives and Purposes***

An indigenous peoples cooperative may freely determine its objectives and purposes which are not contrary to law. In the context of social justice and equity, the cooperative shall give primary consideration to the provision of socio-economic benefits to its members, specially goods and services, in order to give them opportunity to increase their income, savings, investments, productivity and purchasing power. It shall, in addition provide opportunities for its members to acquire knowledge of their rights as indigenous peoples. Purely charitable purposes should be avoided.

#### ***Area of Operation***

The indigenous peoples cooperative may choose its own area of operation. The principal office may be located within the ancestral domain of the members as defined by the members of the tribal community. The cooperative may likewise freely determine its business address. The ancestral domain of the concerned indigenous people may serve as the primary area of operation and the postal address of the cooperators may be established within this area.

### ***Term of Existence***

The 50-year maximum period of existence of a cooperative under RA No. 6938 may be replaced with an equivalent period according to the prevailing indigenous traditions, customs, knowledge systems and practices. The equivalent of 50 calendar years shall however be parenthetically indicated.

### ***Names and Addresses of Cooperators***

The name, tribal affiliation and address of each cooperator may be reflected under this title.

### ***Common Bond of Membership***

Sharing the same socio-cultural characteristics with a specific community of indigenous people identified by tribal affiliation, may serve as the common bond of membership in the cooperative.

### ***Board of Directors***

The Board of Directors may be elected and organized within the framework of indigenous leadership concepts and practices. A reasonable number of seats in the Board of Directors may be reserved for women.

### ***Capitalization***

The authorized share capital of the indigenous peoples may be in cash, or in terms of goods and services to be delivered to the cooperative.

### ***Subscribed and Paid-Up Capital***

Subscribed capital of members may be paid in cash, in kind or in services or any combination thereof.

## **4**

## **FORMULATION OF THE COOPERATIVE BY-LAWS**

### ***Preamble***

The construction of the Preamble of the By-Laws may follow the guidelines for the Preamble of the Articles of Cooperation. A number of members of the cooperative considered sufficient and acceptable under ITCKSPs may adopt the By-Laws.

### ***Objectives and Purposes***

Indigenous peoples cooperatives may be organized for any or all of the objectives as stated in Article VI of this Code, including but not limited to the following:

a) To develop a system of cooperatives among members of the indigenous peoples founded on their indigenous traditions, customs, knowledge systems and practices;

- b) To serve as a conduit of assistance from various institutions for the operation and strengthening of indigenous peoples cooperatives;
- c) to act as a catalyst for the socio-economic development of the indigenous peoples in particular and their overall development in general; and
- d) To represent the members in any or all matters that effect their interest and welfare as indigenous peoples.

## **Membership**

SECTION 1. Membership in the cooperative may be open to all members of the concerned community of indigenous peoples (tribe) who are of age according to indigenous traditions, customs, knowledge systems and practices.

SECTION 2. *Application for Membership* — (a) Applications for membership shall be done in writing. An application may be presented in any form which signifies intent to become a member of the cooperative. (b) Membership fees may be paid in cash or in kind and the terms of payment of unpaid subscribed capital may be agreed upon by the parties. (c) An applicant who is rejected by the Board of Directors may appeal his case to the next special or regular general assembly.

SECTION 3. *Duties of a Member* — The cooperative shall determine the duties of its members.

SECTION 4. *Rights of Members* — The basic rights of the members of the cooperative shall include the right to participate in deliberations during meetings; to vote on all matters brought before such meetings; to be elected to any position in the cooperative; to avail of the services of the cooperative without discrimination; and to examine the accounts and other records of the cooperative. The cooperative may set conditions for entitlement to vote or be voted upon.

SECTION 5. *Liability of Members* — A member shall be liable for the debts of the cooperative to the extent of his/her contribution to the share capital of the cooperative.

SECTION 6. *Termination of Membership* — Membership in the cooperative may be determined either by death, withdrawal or expulsion.

SECTION 7. *Withdrawal* — Notice of intent to withdraw from the cooperative shall be made in writing. The cooperative may determine the terms and conditions for withdrawal of membership.

SECTION 8. *Expulsion* — The cooperative may set conditions for the expulsion of any of its members. The right of the member to be heard shall, in all cases, be respected. In case of expulsion, the affected member shall have the right to appeal to the next special or regular general assembly whose decision shall be final.

SECTION 9. *Appraisal and Payment of Member's Earnings Upon Termination of Membership* — The Board of Directors shall cause the appraisal and payment of whatever is due to a member upon termination of his/her membership. Payments shall be made in accordance with the policies laid down by the Board of Directors

taking into consideration his/her liabilities to the cooperative.

## **Governance**

SECTION 1. *Membership Control* — Final authority in the management and administration of the affairs of the cooperative is vested on the general assembly. Decisions of the general assembly must have the concurrence of at least a majority of members with voting rights present during the general assembly.

SECTION 2. *The General Assembly* — The general assembly of the cooperative shall be composed of members entitled to vote duly assembled for the purpose as defined by Article V of RA No. 6938.

SECTION 3. *Powers of the General Assembly* — The general assembly shall determine its powers based on indigenous traditions, customs, knowledge systems and practices and RA No. 6938.

SECTION 4. *Annual General Assembly* — The Board of Directors may determine the date and venue of the General Assembly preferably within 90 days after each fiscal year.

SECTION 5. *Special General Assembly* — A special assembly may be called by a majority of the members of the Board of Directors to consider urgent matters requiring immediate membership decision. The Board of Directors shall call the general assembly within a reasonable period from receipt of a written request of at least 10 percent of the total number of members entitled to vote; the Audit and Inventory Committee; the federation or union of which the cooperative assembly shall state the purpose for which it is to be held.

SECTION 6. *Notice of General Assembly* — Written or oral notice of a general assembly shall be served by the Secretary, through messenger or by mail, upon each member in his last known address or through an announcement in the local radio station or any other traditional system of calling a meeting. A written notice may be accompanied by the agenda.

SECTION 7. *Fiscal Year* — The cooperative may determine its own fiscal year according to the community's prevailing indigenous traditions, customs, knowledge systems and practices.

SECTION 8. *Agenda* — The order of business for each annual meeting may be determined according to indigenous traditions, customs, knowledge systems and practices.

SECTION 9. *Quorum at the General Assembly* — The cooperative may determine its own quorum in the annual or special general assembly. Provided that such quorum shall not be less than 25% of the members with voting rights.

SECTION 10. *Manner of Voting* — No member of the cooperative is entitled to more than one vote regardless of the share capital owned. The cooperative may allow proxy voting, provided that proxies are duly authorized members of the immediate family of the member who seeks to vote by proxy. Action on all matters shall be by any manner that will truly and correctly reflect the decision of the membership.