

[CDA, August 12, 1996]

**AMENDED IMPLEMENTING GUIDELINES AND PROCEDURES ON
THE UTILIZATION OF COUNTRYWIDE DEVELOPMENT
FUNDS/CONGRESSIONAL INITIATIVES FOR COOPERATIVE
DEVELOPMENT**

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Rationale

The Countryside development must be pursued with deep commitment, relentless effort and renewed vigor. The reasons behind are enormous. More than seventy percent (70%) of the country's population dwell in the rural areas, many of them live in abject poverty and utter helplessness. Likewise, the productive force that provides food for the sixty-five million (65M) Filipinos reside in the areas where little of the basic necessities of life are satisfied. The current economic crisis demands immediate solutions with visions and creativity to achieve a sense of decisive directions. It calls for close integration, cooperation and mutual effort from all sectors of the Philippine society. Under the circumstances, it is essential to create an environment conducive to reciprocal relationship, a sound and solid basis of peaceful existence. More than ever, Filipinos today deserve meaningful development, a nation where there is security without poverty, genuine freedom without slavery and progress without violence. At this point it appears more pertinent to approach the ailing economy through organizations where members act collectively towards unified goal. To this, the cooperative livelihood projects participated in by individual members, could serve as the core of socio-economic agenda to solve the misery and poverty in the rural areas. Cognizant of this, the potential of more than 36,973 registered cooperatives all over the country may be utilized in mobilizing the country's economy to recovery. To achieve this, the government need not only formulate developmental program that would demand participation of the citizenry, but provide support funds for economic projects as well as in capability building activities to professionalize cooperative management. These involve training program on management, leadership, bookkeeping and accounting and entrepreneurial development.

In this time of great battle against poverty and the seeming helplessness of the poorest of the poor, even the emancipating promise of government leaders will fail if not given real support. Consequently, as a voter and more so as an unrecognized taxpayer, they deserve a bigger share of developmental initiatives. Based on the above abstractions and in the name of peace and development, these GUIDELINES AND PROCEDURES for the utilization of the Countrywide Development Fund/Congressional Initiatives for Cooperative Development are hereby promulgated.

Legal Basis

The following lay the foundation and the legal basis of these guidelines:

- a) The Medium-Term Development Plan adopted by the National Government which seeks to achieve the broad objectives of the alleviation of poverty, generation of more and productive employment, promotion of social justice and the attainment of sustainable development;
- b) The Cooperative Code of the Philippines (RA 6938) which declares the 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, equity and social justice;
- c) The 1987 Philippine Constitution, Article II Section 9 which declares the policy of the state to promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living and an improved quality of life for all;
- d) Executive Order No. 95 dated June 8, 1993 designating the Cooperative Development Authority as the Lead Agency on cooperative promotion, development, regulation and calling on all government agencies with cooperative program to coordinate these with the CDA and Executive Order No. 96 which provide among others the implementing rules and regulations on cooperative promotion, organization , development and supervision by local government units.
- e) Republic Act No. 7160 otherwise known as the Local Government Code which envision the transformation of the local government units into self-reliant communities and active partners in the attainment of national goals.
- f) The General Appropriations Act which provides among others a Countrywide Development Fund and appropriation for the purpose under Project B.I.a. Financial Assistance/Credit Facilities/ Livelihood Support to various cooperatives, found on page 856 of Republic Act No. 8174, the purpose of which is to develop the rural areas. Specifically, the fund is established to meet the maintenance and operating expenses of funded projects/activities and to provide capital outlays. At the discretion of the President of the Philippines, the Vice-President, Senators and Congressmen are allocated funds to support developmental efforts. The loan/grant outlays of the Fund may be used as loanable funds for economic activities or grants for capability building initiatives for selected recipients. This loan/grant component is channelled to recipients only through a government agency/financial institution providing financial assistance to the rural sector. One of the agencies selected is the Cooperative Development Authority, mandated to promote the development of cooperatives as effective vehicles for equity, social justice and sustainable economic development.

Definition of Terms

a) **Accreditation** — the acceptance by the Government Organization (GO) of the Non-Government Organization/People's Organization (NGO/PO) to implement the former's project after program verification and validation of required documents.

b) **Beneficiary** — the community or any of its sector which is the recipient of the results of the development efforts of the GO and the NGO/PO.

c) **Fund Assistance** — the government funds entrusted to the NGO/PO to cover the implementation of a project which is included in the Work and Financial Plan (WFP) and budget of the GO release of which is not necessarily limited in Maintenance and Other Operating Expenses (MOOE), "Grants, Subsidies and Contributions (200-100). This may be in the form of training packages, livelihood projects, interest free loans, and others.

d) **Government Organization** — any government agency whether local, national or corporate which extends financial assistance to the NGO/PO.

e) **Liquidation Report** — document showing the summary of expenses in connection with the implementation of the project for a given period of time.

f) **Non-Governmental Organization** — a non-profit, voluntary organization that is committed to the task of socio-economic development and established primarily for service. Such service may involve assisting citizens or peoples' organizations in various ways by educating, training or giving financial assistance to them.

g) **People's Organization** — independent community and/or class based association established to protect and advance the interest of specific causes or sectors, e.g. labor, farmer, fishermen, women, civic organizations, foundations, etc.

h) **Project** — activity undertaken by the NGO/PO which may cover livelihood development, manpower development, sports development, delivery of basic services, cooperative development, environmental protection, family planning and the financing, of construction, maintenance, operations, and management of infrastructure projects.

i) **Livelihood Programs and Projects** — these include all those schemes which aim to create employment opportunities through the provision of a package of integrated services, i.e., technical, financial and other assistance that promote the establishment of income-generating activities for poverty/marginal groups.

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Beneficiaries

The beneficiaries shall be Non-Governmental Organizations, People's Organizations, Cooperatives, Associations, Foundations, Government Organization and others.

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Proposed Utilization of Funds

The fund may be utilized as loan and/or grant for any of the following purposes:

5.1 Livelihood Development Projects — Amount will depend on the amount requested by proponent cooperatives for the purpose of promoting the development of livelihood projects for individual members of the cooperative. The proposal shall be evaluated based on its economic viability and socio-economic desirability.

5.2 Projects for Peace and Reconciliation specially designed to support livelihood projects for rebel returnees.

5.3 Projects specifically designed to improve the living conditions of cultural minorities.

5.4 Projects for the development of women and youth.

5.5 Reforestation projects and projects designed to restore/improve/protect the environment.

5.6 Human Resource Development Projects designed to professionalize cooperative management and the capabilities/skills of the members of cooperatives.

5.7 Revolving fund of federations for relending to their affiliate members.

5.8 Investment in cooperative banks within the district for re-lending, capital outlays and other activities geared towards enhancement of the development of cooperatives.

5.9 Infrastructure project like construction of training centers, construction of cooperative store, warehouse, etc.

The fund may be released, depending on the discretion of the officials concerned as loan for the first category or grant for the remaining categories.

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Grant/Loaning Policies

The Countrywide Development Fund/Congressional Initiatives was conceived to provide funds in the form of grant or loans to finance the development efforts of the Cooperatives, NGOs, POs, GOs of the identified projects at reasonable terms and conditions.

6.1 *Loan*

a) The CDA shall enter into a Memorandum of Agreement with the Cooperatives/NGOs/POs.

b) With the assistance of the CDA, the Congressman/Senator shall be responsible for the selection of the Cooperatives/NGOs/POs.

c) The extension of loan shall be consistent with sound lending and business

principles so that the cooperatives/NGOs/POs may prosper and grow in size, scope, quality and service to their members.

d) The CDA shall require the beneficiary/ies to file with the CDA Extension Office having jurisdiction in the area, loan application, (CDA CDF/CI Form No. 1) together with the required supporting documents.

e) The CDA shall require the submission of an implementation plan to properly monitor the progress of its funded project, wherein the loan/grant is utilized for the purpose it has been granted and the loan is repaid.

f) For monitoring purposes, the beneficiary/ies shall submit to the CDA quarterly status reports on actual operations.

6.1.1 Term, Interest Rate and Types of Loans

a) *Marketing Loan* — for the purchase of members' produce and for the procurement and distribution to farmer/members of farm inputs such as fertilizers, insecticides, seeds, palay trading, and other marketing activities, with an interest rate of not less than eight percent (8%) per annum payable within a period of two (2) years.

b) *Facility Loan* — for the purchase of light and locally produced farm equipment such as rice thresher, hand tractor, transport vehicles, etc. With an interest rate of six percent (6%) per annum payable in 3 to 5 years.

c) *Land and Building Loan* — for the purchase of land/materials for the construction of training centers, cooperative consumer store, warehouse, multi-purpose office/bodega, etc., with an interest rate of not less than eight percent (8%) per annum payable in five (5) years.

d) *Operating Loan* — to finance the working capital, administrative and operating expenses of association/cooperatives with an interest rate of not less than eight percent (8%) per annum payable in two (2) years.

6.1.2 Security of the Loan

The existing assets and/or assets to be acquired out of the proceeds of the loan.

6.1.3 Repayment of Loan

Repayment may be made by the beneficiary/ies directly to the CDA Extension Office or thru its identified depository bank separately opened for the purpose.

The amounts collected by the CDA shall be revolved as an additional loaning capital of the Authority.

6.2 **Grants**

In addition to the above stated policies, concerned officials shall indicate the purposes of the grant. The utilization of the Fund shall be monitored by Provincial Cooperative Development Specialists (PCDS) in the area.