

Philippines Legal Framework Analysis: Key Highlights

This one-pager aims to provide a brief overview of the most notable features of the Philippines' national cooperative legal framework, based on the work of national legal expert and ICA member input. Two existing laws directly regulate the Philippines' cooperatives:

- 1) The Republic Act No. 9520, otherwise known as "Philippine Cooperative Code of 2008"
- 2) The Republic Act No. 11364, or Cooperative Development Authority (CDA) Charter of 2019.

However, provided below is the exhaustive list of laws & regulations affecting cooperatives:

Regulation	Particular type or sector
Republic Act No. 9520 (Philippine Cooperative Code of 2008)	All types except electric cooperatives registered with National Electrification Administration (NEA), and cooperatives doing banking, insurance, housing, & public utilities which are regulated to the extent of their functions.
Republic Act No. 11364 (Cooperative Development Authority of 2019)	same as above
Republic Act No. 10744 (Credit Surety Fund Cooperative Act of 2015)	Credit Surety Fund Cooperative
Republic Act No. 9510 (Credit Information System Act)	Cooperatives that have the authority to lend and/or perform micro-finance activities both to individuals and coop-borrowers
The Labor Code of the Philippines	<i>(via Supreme Court Decision on the case of SSS v. ASIAPRO Cooperative)</i> Labor and service-oriented cooperatives
Revenue Memorandum Order 7-2020	All types of cooperatives
Tariff Commission, Executive Order 376 - Annex A	Agricultural cooperatives and fisheries' cooperatives

Cooperative Friendliness: In general, the present cooperative legislation in the Philippines can be termed as 'quite cooperative friendly'. However, as there are also weaknesses in the Philippine Cooperative Laws, there is a need to continue improving the present versions to ensure that cooperative legislation will be more or excellently friendly to accelerate cooperative societies' development and enhance their competitiveness.

Key recommendations for improvement: There is a compelling need to revisit the dual roles of CDA as a regulator and developer. The CDA has to focus its regulatory role to be more effective and to avoid conflicting roles. The developmental role should be the cooperative sector's function, particularly giving the task of capacity building to the federations. The government may provide funding support to federations for education, training, and technical assistance through its General Appropriations Act. The provisions in the Code on consolidation and merger of cooperatives should be strengthened. Cooperatives that have failed to grow and remain micro and small and cannot meet and comply with the performance standards set by the CDA after a certain number of years should be compelled to consolidate or merge. Otherwise, these cooperatives will be delisted. The government will provide very attractive incentives to support such mergers and consolidations of weak cooperatives.



Conclusion: The present law is generally 'cooperative friendly.' Many cooperatives' challenges are in governance, professionalization, business development, and internal capitalization, which are common problems faced by the micro and small cooperatives. While the Cooperative Law is generally supportive of cooperatives' growth and development, the bureaucratic red tape in government's execution of policies, and the lack of budget support from the National Economic Development Authority (NEDA) and the Department of Budget and Management (DBM), to capacitate CDA to fulfill its mandated functions as provided in the law is still hampering the cooperatives' long-term sustainability, particularly the existing of 77.3% micro and small cooperatives.

