



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF EDUCATION, CULTURE AND SPORTS
Merced Avenue, Pasig City

June 18, 1997

OFFICE OF THE SECRETARY
DECS MEMORANDUM
No. 229, s. 1997

IMPLEMENTING GUIDELINES FOR THE ADMINISTRATION
AND MANAGEMENT OF THE TEACHERS COOPERATIVE FUND
INCLUDED IN THE DECS 1996 BUDGET

To: Undersecretaries
Assistant Secretaries
Bureau Directors
Regional Directors
Directors of Services/Centers and Heads of Units
Schools Superintendents

1. The Department of Education, Culture and Sports and the Philippine Federation of Teachers and Employees Cooperatives (PFTEC) executed a Memorandum of Agreement covering the administration and management of a fund amounting to ₱15.0 M allocated for teachers' cooperatives in the DECS budget under Item II.k. Inclosed are the implementing guidelines covering the management and administration of said fund.
2. The amount transferred to PFTEC shall be utilized to grant loans to DECS teachers' and employees' cooperatives duly registered with the Cooperative Development Authority (CDA) and are affiliate members of PFTEC which are in need of additional capital for their various projects and income-generating endeavors. Cooperative-members which will engage in livelihood projects such as manufacturing, food processing, farming, animal raising and the like, shall be given priority.
3. The maximum amount of loan which a cooperative member can avail of is ₱200,000.00. An interest rate of one percent (1.0%) per month from the diminishing balance and a service charge of one-half percent (0.5%) shall be charged for each loan. The loan granted must be utilized for the purpose for which it was granted as specified in the cooperative's project proposal.
4. The PFTEC and the Employees Welfare and Benefits Division (EWBD), DECS Central Office shall monitor the projects of cooperative-beneficiaries. As such, officials and staff of the PFTEC and EWBD are authorized to travel to undertake project visitation to ensure effective monitoring and evaluation.
5. Widest and immediate dissemination of this Memorandum is desired.


RICARDO T. GLORIA
Secretary

Incl.:

As stated

Reference:

DECS Memorandum: No. 408, s. 1995

Allotment: 1-2--(M.O. 1-87)

To be indicated in the Perpetual Index
under the following subjects:

COOPERATIVES (Education)

TEACHERS

5. Perform such other functions as maybe necessary to carry out the objectives and purpose of this program.

IV. Secretariat

The Employees Welfare and Benefits Division (EWBD), DECS Central Office shall serve as the national secretariat and coordinating body with the following functions:

1. Coordinate the implementation of the policies, rules and regulations promulgated by the PFTEC Board of Directors regarding the disbursement and utilization of the fund;
2. Monitor the disbursement and utilization of the fund;
3. Conduct training programs for teachers and employees involved in the DECS cooperative movement;
4. Render reports to DECS management based on reports submitted by the PFTEC Board of Directors relative to the disbursement and utilization of the fund;
5. Recommend measures to DECS management and to the Board of Directors of PFTEC to ensure the effective management, disbursement and utilization of the fund;
6. Serve as the receiving center of loan applications and other communications pertinent to the operations of PFTEC; and
7. Provide staff work for the PFTEC Board of Directors.

V. Beneficiaries

The beneficiaries of the fund are teachers' and employees' cooperatives duly accredited and registered with the Cooperative Development Authority (CDA) and are members of the Philippine Federation of Teachers and Employees Cooperatives (PFTEC).

VI. Operational Guidelines

1. The amount of P11.5M shall be released to the PFTEC and deposited in a government bank as the PFTEC depository bank where interest and net savings derived from the project will be deposited. The balance of P2.0M shall be retained in the DECS Central Office to be utilized for a continuing education program on the formation of teachers' cooperatives. The conduct of the training programs shall be the responsibility of the Employees Welfare and Benefits Division (EWBD), DECS Central Office.
2. A Memorandum of Agreement between the DECS and PFTEC shall be executed to cover the over-all terms and conditions of management of P11.5M fund.

GUIDELINES FOR THE ADMINISTRATION AND MANAGEMENT OF THE P15.0M FUND IN THE DECS 1996 BUDGET FOR TEACHERS' COOPERATIVES

I. Introduction

One of the early pronouncements of Secretary Ricardo T. Gloria when he joined the Department of Education, Culture and Sports is to "restore the dignity of teachers". Towards this end, the enhancement of the economic well-being of public school teachers remained one of the approaches adopted by the current leadership at DECS. To operationalize this approach, DECS has taken an aggressive posture through the organization of teachers' cooperatives.

The move is in consonance with Article II of Republic Act 6938 which provides that "the State shall foster the creation and growth of cooperatives to promote self-reliance and to harness people power towards the attainment of economic development and social justice." The same article continues that "the government shall provide the necessary technical and financial support in order that cooperatives will develop into viable and responsive economic enterprise thereby fostering a strong and autonomous cooperative movement."

It is in this light, therefore, that the General Appropriations Act of 1996 allocated an amount of P15.0M in the DECS budget for CY 1996 for teachers' cooperatives. Of the P15.0M fund, ten percent (10%) was retained by the Department of Budget and Management (DBM) as reserved fund, and only P13.5M was the amount authorized to be released to DECS under SARO No. C2-96-0858 dated November 7, 1996.

II. Over-all Objective

The fund shall provide for the granting of loans to DECS teachers' and employees' cooperatives in need of additional capital for their various projects and income-generating endeavors and to support a continuing cooperative education program for school administrators, teachers and DECS employees.

III. Management and Administration

The over-all administration and management of the fund shall be entrusted to the Philippine Federation of Teachers and Employees Cooperatives (PFTEC) and the Employees Welfare and Benefits Division (EWBD), DECS Central Office. The PFTEC shall have the following functions:

1. Promulgate, apply and enforce the rules and regulations governing the utilization and operations of the fund;
2. Determine the type, use and amount of loan that may be granted and prescribe the applicable repayment schedule and interest rates;
3. Establish the eligibility requirements for cooperative-applicants;
4. Approve all loans and other payments for the fund; and

3. The amount released to PFTEC shall be utilized to grant loans to primary cooperative-members in need of additional capital for their various projects and income-generating endeavors. It shall be made available to any qualified beneficiary provided they satisfactorily meet the requirements set forth in these guidelines.
4. Only CDA-registered and cooperative-members of PFTEC can avail of the loan. The maximum amount of loan which maybe availed of is P200,000.00. An interest rate of one percent (1.0%) per month from the diminishing balance and a service charge of one-half percent (0.5%) shall be charged for each loan. An additional share capital (retention) equivalent to five percent (5.0%) of the loan value shall be required from primary cooperative-borrowers.
5. Loan applications shall be in the form of a Board Resolution with the following documents attached:
 - 5.1 Photocopy of the CDA registration;
 - 5.2 Project proposal of the project to be undertaken;
 - 5.3 Amount of fund assistance needed;
 - 5.4 Duly audited latest Statement of Financial Operation and Statement of Financial Condition;
 - 5.5 Photocopy of the bond of accountable officer; and
 - 5.6 Memorandum of Agreement assigning ownership of the project to the PFTEC in the pendency of the cooperative-borrower's unpaid loan; and in case of re-lending projects a duly notarized promissory note.
6. Loan applications shall be processed and evaluated by the PFTEC credit committee which shall recommend to the executive committee the approval or disapproval of said loan application. Cooperative-members which will engage in livelihood projects such as manufacturing, food processing, farming, animal raising, and the like shall be given priority. Actions taken by the executive committee shall be subject to review by the Board of Directors during its regular meeting.
7. The financial assistance borrowed from the PFTEC shall be used solely for the purpose for which it was granted.
8. Recipients of the previous fund assistance from the Congressional Initiative Allocation of Senator Raul S. Roco which are primary member-cooperatives of PFTEC and applying for a loan from the P11.5M fund must have submitted a report on the utilization of their fund assistance from Senator Roco.
9. Primary cooperatives not yet affiliated members of the PFTEC may apply for a loan provided that these are duly registered with the CDA and have applied for membership with the PFTEC. The cooperative must have paid the membership fee of P200.00 and initial share capital of P2,000.00. The balance of the total share capital amounting to P3,000.00 shall be deducted from the proceeds of the loan.
10. The cooperative-borrower must have an asset of at least one-fourth of the loan value applied for. The cooperative project must serve as the loan collateral. If the loan will be used for re-lending purposes, the executive committee of the cooperative-

borrower must submit a duly notarized promissory note allowing the PFTEC to collect payment of the loan from the primary cooperative in case of default.

11. Should the cooperative-borrower utilize its loan proceeds for re-lending purposes, the monthly interest rate to be imposed to the individual members shall not be more than two percent (2.0%) on the diminishing balance.
12. To avoid delinquency of loan repayments, a cooperative-borrower shall pay a penalty of two percent (2.0%) of the monthly loan amortization due in case of its failure to pay after a grace period of fifteen (15) days.
13. The primary cooperative-borrowers shall submit copies of the financial statement of their projects on a quarterly basis to the PFTEC which in turn shall submit a consolidated report to the Office of the DECS Secretary, through the Employees Welfare and Benefits Division (EWBD), being the Secretariat of the program.
14. The PFTEC must maintain a separate book of accounts for the fund where all financial transactions must be properly recorded.
15. All annual financial reports shall be externally audited by a certified public accountant (CPA) and copies of the audit report shall be sent to the PFTEC for submission to the Office of the DECS Secretary, through the program secretariat. On the other hand, the operations of PFTEC shall be regularly audited by the Commission on Audit (COA). However, the program secretariat may request the COA to conduct a special audit of PFTEC operations whenever necessary.
16. Primary cooperative-beneficiaries shall maintain a separate book of accounts for the financial assistance borrowed where the financial status, such as disbursement, collections and other relevant information on their loan, shall be recorded accurately and regularly.
17. In case of termination of the Memorandum of Agreement between DECS and PFTEC on the management of the cooperative fund, the principal amount of P11.5M shall be reverted to DECS within fifteen (15) days upon receipt of notice of termination.

VII. Reporting and Monitoring

1. The cooperative-beneficiary shall submit to the PFTEC, through the Regional Employees Welfare Desk and the Division Employees Welfare Desk, a monthly statement of accounts indicating, among other things, amounts disbursed and collected, income realized, and such other financial reports as maybe required.
2. The PFTEC shall prepare quarterly consolidated reports on the financial status of the fund to be submitted to the Office of the DECS Secretary, through the Employees Welfare and Benefits Division (EWBD), DECS Central Office.
3. The PFTEC, in coordination with the EWBD, shall monitor the projects of the cooperative-beneficiaries and shall render advise to these beneficiaries when necessary.

4. Based on the annual reports submitted by every primary teachers' cooperatives, an evaluation of the program shall be made by the program secretariat to determine the benefits derived from the program and the extent of its impact. An evaluation report shall be prepared and submitted to the Office of the Secretary.