



**Board Resolution No. 273
Series of 2011**

**Ordering Moratorium on Acceptance and Processing of Applications for
New Regular License of Cooperatives**

Whereas, a review of the Philippine Cooperative Code of 2008 (R.A. 9520) revealed that there is no specific provision authorizing a cooperative to undertake construction contracting per se;

Whereas, Article 23 of R.A. 9520 enumerated different types of cooperative but only the agrarian reform cooperatives are given the privilege to undertake construction, but with a very limited scope as follows:

"Art. 90 Infrastructure

In **agrarian reform and resettlement areas**, the government shall grant to agrarian reform cooperatives preferential treatment in the construction, maintenance and management of roads, bridges, canals, wharves, ports, reservoirs, irrigation systems, waterworks systems, and other infrastructures with government funding. For this purpose, the Government shall provide technical assistance, facilities and equipment to such agrarian reform cooperatives."

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"Art. 94. Organization and Registration

Agrarian reform cooperatives may be organized and registered under this Code only upon prior written verification by the DAR to the effect that the same is needed and desired by the beneficiaries; results of a study that has been conducted fairly indicate the economic feasibility of organizing the same and that will be economically viable in its operations; and that the same may now be organized and registered in accordance with the requirements of this Code."

Whereas, under the provisions of Articles 23 of R.A. 9520, there are three (3) other activities which obliquely refer to construction but with the limitation to serve only the household members or regular members of the specific cooperative:

- a. Electric Cooperative (par. l)
- b. Housing Cooperative (par. p)
- c. Water Service Cooperative (par. s).

Whereas, the above stated provision of the Law warrants only the grant of a special license for specific purposes;

Whereas, the PCAB had already issued licenses to some cooperatives with no clear distinction as to what type/classification of cooperatives they belong.

In view thereof, the PCAB **RESOLVES**, as it is hereby **RESOLVED** to order a moratorium on the acceptance and processing of applications for regular license of cooperatives pending the showing by the applicants of the legal basis for issuance of regular license to cooperatives.


This resolution shall take effect immediately.

So ordered.

07 April 2011, Makati City, Metro Manila


VICTORINO BENJAMIN V. LAHOZ
Member


RAMON F. ALLADO
Chairman


FAROUK M. MACARAMBON, SR.
Member

Attested by:


RENE E. FAJARDO
Officer-in-Charge


CONSOLACION V. VILLAFUERTE
Board Secretary