

# Understanding the Philippine Cooperative Code 2008 and Its Impact on Multipurpose Cooperatives in Mati City

When I first sat down with the general manager of a multipurpose cooperative in Mati City, she handed me a well-worn copy of Republic Act 9520. It was clear from the dog-eared pages and the handwritten notes in the margins that this document was not just a legal formality. It was the operating manual for everything from board elections to profit distribution. The Philippine Cooperative Code 2008, as RA 9520 is formally known, sets the legal foundation for how cooperatives in the Philippines are supposed to function. But the real story is how these provisions actually play out on the ground, especially in a medium-sized urban center like Mati.

Mati City, the capital of Davao Oriental, has a cooperative sector that is both active and diverse. Multipurpose cooperatives here offer credit, consumer goods, and even agricultural marketing services. Their members come from varied backgrounds: teachers, fishermen, small business owners, and retirees. That diversity makes compliance with the Philippine Cooperative Code 2008 both critical and complicated. The code requires strict adherence to by-laws, regular elections, and transparent financial reporting. Yet the reality often involves trade-offs between legal perfection and practical survival.

## What the Code Actually Mandates

Republic Act 9520 replaced the older Cooperative Code of 1990 with a framework designed to modernize the sector. It outlines the registration process, governance structures, audit requirements, and the rights and duties of members. For multipurpose cooperatives, the code is especially detailed about how different lines of business must be managed. A cooperative that offers both savings and loans and a sari-sari store cannot mix those funds. Each activity must have its own separate accounting, and the by-laws must clearly state how profits from each line are allocated.

One provision that comes up often in Mati is the requirement for regular general assemblies. Under the [Philippine Cooperative Code 2008](#), cooperatives must hold an annual general assembly within 120 days after the end of their fiscal year. At that meeting, the board presents financial statements, the audit report, and plans for the coming year. Members vote on key decisions, including the distribution of dividends and the election of board members. In theory, this is straightforward. In practice, getting a quorum of members to show up on a Saturday morning in a city where many work multiple jobs is a real challenge.

## Compliance Headaches in a Multipurpose Setting

The research study that this site discusses focused on exactly these compliance issues. It found that while most cooperatives in Mati had registered under the new code and had by-laws on file, the level of actual adherence varied widely. For instance, the code requires that at least one member of the audit committee hold a certified public accountant license or have equivalent experience. In smaller cooperatives, finding someone with that background who is also willing to serve without pay is difficult. Boards sometimes appoint a trusted member who is not fully qualified, simply to keep the committee functioning.

Another common issue involves the term limits for board members. The Philippine Cooperative Code 2008 limits board members to two consecutive terms of two years each, unless the by-laws allow a third. In Mati, some cooperatives have by-laws that extend terms to three or even four consecutive terms, arguing that continuity helps with stability. The Cooperative Development Authority, which oversees compliance, has flagged this as a violation in some cases but has not consistently enforced it. That inconsistency creates confusion for cooperative officers who want to follow the law but also want to keep experienced leaders in place.

## **Member Demographics and Their Effect on Governance**

One of the most interesting findings from the study was how member demographics shape compliance. Older members, many of whom are retired or semi-retired, tend to attend general assemblies more regularly. They have the time and often a stronger sense of ownership. Younger members, especially those in their twenties and thirties, are more likely to be working during assembly hours. They also prefer digital communication over in-person meetings. This generational split affects how by-laws about meeting attendance and voting are actually implemented.

Some cooperatives have started experimenting with hybrid assemblies, where members can join via video call and vote electronically. The code does not explicitly prohibit electronic voting, but it does require that voting be secret and that the process be verifiable. Cooperatives that have tried this have run into technical issues, such as members struggling with the platform or concerns about whether votes were counted correctly. The Cooperative Development Authority has not yet issued clear guidelines on digital voting, so cooperatives are essentially operating in a gray area.

## **By-Laws as a Living Document**

The by-laws of a cooperative are supposed to be its constitution, tailored to its specific membership and business lines. The Philippine Cooperative Code 2008 gives cooperatives considerable flexibility in drafting their by-laws, as long as they do not contradict the code's minimum requirements. In Mati, the study found that many cooperatives had by-laws that were

copied from a template provided by a federation or the Cooperative Development Authority. These templates are useful for getting registered quickly, but they often contain clauses that do not fit the local context.

For example, a template by-law might state that the board must meet monthly. For a cooperative with a small membership and limited business volume, monthly meetings can be a burden. Officers may have to travel from distant barangays, and the cost of transportation can eat into the cooperative's limited budget. Some cooperatives simply ignore this requirement, meeting only quarterly or when a major decision is needed. Others have amended their by-laws to allow for less frequent meetings, but that process requires a vote by the general assembly, which itself is hard to convene.

The takeaway here is that compliance is not a binary state. It is a spectrum. A cooperative can be fully compliant on paper but struggle with implementation. Another might deviate from the code in small ways but still serve its members well. The Philippine Cooperative Code 2008 provides a solid framework, but it cannot account for every local reality. Cooperative officers in Mati have to use their judgment, balancing legal requirements with the practical needs of their members.

## **Practical Lessons for Cooperative Officers**

Based on what I have seen in Mati and in other parts of the country, there are a few practical steps that cooperative officers can take to improve compliance without overburdening their members. First, invest in clear, simple communication about why the code matters. When members understand that the rules exist to protect their money and their vote, they are more likely to participate. Second, use the by-law amendment process wisely. If a provision creates an unnecessary obstacle, change it through the proper channels. That is better than ignoring it and risking a compliance finding later.

Third, leverage technology where it makes sense, but always have a backup plan. A hybrid assembly with paper ballots available at the venue and electronic voting for remote members can work, but test the system beforehand. Fourth, build relationships with the Cooperative Development Authority field office. The officers there can provide guidance and often appreciate cooperatives that proactively seek advice rather than waiting for a problem to arise.

Finally, remember that the spirit of the code is democratic governance and member empowerment. If a cooperative's practices are transparent, accountable, and fair, they are likely aligned with the code even if they do not match every technical detail. The goal is not perfection; it is continuous improvement.

## **Closing Thoughts**

Multipurpose cooperatives in Mati City are navigating a complex regulatory environment with limited resources and high member expectations. The Philippine Cooperative Code 2008 gives them the tools they need to operate legally and effectively, but it requires effort to implement well. The research study that this site is based on offers a glimpse into those efforts, showing both the challenges and the creative solutions that local leaders have developed. For anyone involved in the cooperative movement, the lessons from Mati are valuable: compliance is a journey, not a destination, and the best cooperatives are those that adapt the code to serve their members, not the other way around.