

THIRTEENTH CONGRESS OF THE REPUBLIC }
OF THE PHILIPPINES }
First Regular Session }

SENATE
Senate Bill No. 843



Introduced by Senator Lacson

EXPLANATORY NOTE

The Constitution recognizes the vital importance of cooperatives as instruments for social justice and economic development, and, for this reason has mandated Congress to create an agency to promote the viability and growth of cooperatives. Section 15, Article XII of the fundamental law provides:

"Section 15. The Congress shall create an agency to promote the viability and growth of cooperatives as instruments for social justice and economic development."

Pursuant to the aforequoted constitutional mandate, Congress enacted Republic Act 6939, creating the Cooperative Development Authority (CDA), which was signed by then President Corazon C. Aquino on March 10, 1990.

Despite the dedication and valiant efforts of its officials and personnel, particularly those assigned to man its various Extension Offices, the Authority has encountered tremendous difficulties and obstacles in the pursuit of its mission of promoting the viability and growth of cooperatives.

The reason lies in the failure of Republic Act 6939 to provide the Authority with adequate development and regulatory powers, not to mention adequate financial resources.

The bill seeks to strengthen the development and regulatory powers of the CDA in order to ensure that the Authority will be more responsive to the challenges of the future. Thus, the bill introduced the concept of Cooperative Development Council and the Cooperative Adjudication Board in the CDA.


The first will warrant the establishment of a more concrete relationship between the sector and the government. With the

presence of the advisory body, various plans and programs of the sector and the government that are geared towards the promotion, organization and development of cooperatives will be synchronized for optimum result.

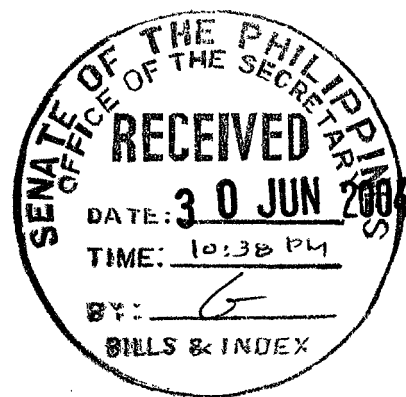
The second will guarantee that there will be a specialized body exercising complete adjudicative powers that will readily handle and resolve complaints and grievances by and between members of cooperatives and between cooperatives themselves.

Overall, it is the objective of this bill to enhance the capability of the CDA in promoting the viability and growth of cooperatives for national development.

It is for these reasons that the passage of this bill is earnestly sought.


PANFILO M. LACSON
Senator

THIRTEENTH CONGRESS OF THE REPUBLIC }
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SENATE 843
Senate Bill No. _____

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**AN ACT
REVISING REPUBLIC ACT NUMBERED 6939, CREATING THE
COOPERATIVE DEVELOPMENT AUTHORITY**

[AN ACT CREATING THE COOPERATIVE DEVELOPMENT AUTHORITY TO PROMOTE THE VIABILITY AND GROWTH OF COOPERATIVES AS INSTRUMENTS OF EQUITY, SOCIAL JUSTICE AND ECONOMIC DEVELOPMENT, DEFINING ITS POWERS, FUNCTIONS AND RESPONSIBILITIES, RATIONALIZING GOVERNMENT POLICIES AND AGENCIES WITH COOPERATIVE FUNCTIONS, SUPPORTING COOPERATIVE DEVELOPMENT, TRANSFERRING THE REGISTRATION AND REGULATION FUNCTIONS OF EXISTING GOVERNMENT AGENCIES ON COOPERATIVES AS SUCH AND CONSOLIDATING THE SAME WITH THE AUTHORITY APPROPRIATING FUNDS THEREFORE, AND FOR OTHER PURPOSES]

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

SECTION 1. TITLE. - THIS ACT SHALL BE KNOWN AS "THE REVISED CHARTER OF THE COOPERATIVE DEVELOPMENT AUTHORITY."

Sec. 2 [1.] Declaration of Policy. - It is hereby declared the policy of the State to promote the viability and growth of cooperatives as instruments of equity, social justice and economic development and to create an agency, in fulfillment of the mandate of Section 15, Article XII of the Constitution. Toward this end, the State shall recognize cooperatives as associations organized for the economic and social betterments of their

members, operating business enterprises based on mutual aid and founded upon internationally accepted cooperative principles and practices.

In furtherance of this policy, the appropriate national economic planning agency shall include the promotion of growth and expansion of cooperatives as a major and indispensable component of national development plans. All departments, branches, subdivisions and instrumentalities of the Government shall promote the formation of cooperatives under their respective programs by providing them with appropriate and suitable incentives.

The State recognizes the cooperative sector as primarily responsible for the institutional development of cooperatives. Accordingly, the State recognizes the rights of the cooperative sector to initiate and foster within its own ranks cooperative promotion, organization, training, information gathering, audit and support services, with government assistance where necessary.

Government assistance to cooperatives shall be free from any restriction and conditionality that may in any manner infringe upon the objectives and character of the cooperatives as provided in this Act. The State shall, except as provided in this Act, maintain the policy of non-interference in the management and operations of cooperatives.

Sec. 3. [2.] *Creation of the Cooperative Development Authority.* - The Cooperative Development Authority (hereinafter referred to as the "Authority") is hereby created under the office of the President to carry out the provisions of this Act.

Sec. 4. [3.] *Powers, Functions, and Responsibilities.* - The Authority
IN THE EXERCISE OF ITS JURISDICTION AND SUPERVISION OVER

ALL COOPERATIVES shall have the following powers, functions, and responsibilities:

- (a) Formulate, adopt and implement integrated and comprehensive plans and programs on cooperative development consistent with the national policy and the overall socio-economic development plans of the Government. SUCH PLANS AND PROGRAMS SHALL FOCUS ON RURAL AND MARGINALIZED COOPERATIVES, OVERSEAS FILIPINO WORKERS AND WOMEN COOPERATIVES ENGAGED IN LIVELIHOOD ACTIVITIES FOR FOOD SECURITY AND THE PROMOTION OF COOPERATIVE ENTREPRENEURSHIP;
- (b) Develop and conduct management and training programs upon request of cooperatives that will provide members of cooperatives with the entrepreneurial capabilities, managerial expertise, and technical skills required for the efficient operation of their cooperatives and inculcate in them the true spirit of cooperativism and provide, when necessary, technical and professional assistance to ensure the viability and growth of cooperatives with special concern for agrarian reform, fishery and economically depressed sectors;
- (c) Support the voluntary organization and consensual development of activities that promote cooperative movements and provide assistance towards upgrading managerial and technical expertise upon request of the cooperatives concerned;

- (d) Coordinate and SUPPORT THE DEVELOPMENTAL [the] efforts of [local government units] GOVERNMENT AGENCIES and the private sector in the promotion, organization, and development of cooperatives;
- (e) HOLD THE SOLE POWER TO register all cooperatives and their federations and unions, including their division, merger, consolidation, dissolution or liquidation. It shall also register the transfer of all or substantially all of their assets and liabilities and such other matters as may be required by the Authority;
- (f) Request all cooperatives, their federations and unions to submit their annual financial statements, duly audited by a certified public accountant, and general information sheets;
- (g) Order the cancellation after due notice and hearing of the cooperative's certificate of registration for non-compliance with administrative requirements and in cases of voluntary dissolution;
- (h) Assist cooperatives in arranging for financial and other forms of assistance under such terms and conditions as are calculated to strengthen their viability and autonomy;
- (i) ALL EXTENSION OFFICES SITUATED IN DAGUPAN, TUGUEGARAO, CORDILLERA ADMINISTRATIVE REGION, PAMPANGA, MANILA, CALAMBA, NAGA, ILOILO, CEBU, TACLOBAN, ZAMBOANGA, CAGAYAN DE ORO, DAVAO, KIDAPAWAN AND CARAGA ARE HEREBY

CONVERTED INTO REGIONAL OFFICES. [Establish extension offices as may be necessary and financially viable to implement this Act. Initially, there shall be offices in the cities of Dagupan, Manila, Naga, Iloilo, Cebu, Cagayan de Oro and Davao];

- (j) Impose and collect reasonable fees and charges in connection with the registration of cooperatives;
- (k) Administer all grants and donations coursed through the Government for cooperative development, without prejudice to the right of cooperatives to directly receive and administer such grants and donations upon agreement with the grantors and donors thereof;
- (l) Formulate and adopt continuing policy initiatives consultation with the cooperative sector through public hearing;
- (m) EVOLVE AND IMPLEMENT CAPABILITY BUILDING AND EMPOWERING PROGRAMS TO DEVELOP THE CAPABILITIES OF OFFICIALS AND EMPLOYEES OF COOPERATIVES, NON-GOVERNMENT ORGANIZATIONS (NGOs), NATIONAL GOVERNMENT AGENCIES (NGAs) AND LOCAL GOVERNMENT UNITS (LGUs) ON COOPERATIVE PROMOTION, ORGANIZATION AND DEVELOPMENT;
- (n) CONDUCT RESEARCHES AND STUDIES ON COOPERATIVE TRAINING CURRICULA FOR SPECIFIC CLIENTELE AND/OR SPECIFIC GOALS;

- (o) DEVELOP APPROPRIATE TRAINING TECHNIQUES, METHODOLOGIES, MATERIALS AND AIDS AND DISSEMINATE THE SAME;
- (p) UNDERTAKE CONTINUING MONITORING AND EVALUATION OF THE DIFFERENT COOPERATIVE EDUCATION AND TRAINING PROGRAM UNDERTAKEN BY ALL INSTITUTIONS SUCH AS THE ACADEME, THE NON-GOVERNMENT ORGANIZATIONS, NATIONAL GOVERNMENT AGENCIES, LOCAL GOVERNMENT UNITS AND COOPERATIVES TO DETERMINE THEIR RELEVANCE, EFFECTIVENESS AND DIRECT MODIFICATIONS WHENEVER NECESSARY;
- (q) INSPECT, INVESTIGATE, INQUIRE INTO, AUDIT OR CAUSE TO BE AUDITED COOPERATIVES FALLING UNDER ITS JURISDICTION;
- (r) CALL A GENERAL ASSEMBLY MEETING TO DISSOLVE AND RECONSTITUTE THE BOARD OF DIRECTORS AND/OR THE COMMITTEE CONCERNED IF, AFTER DUE HEARING, THE AUTHORITY IS CONVINCED THAT SUCH BOARD OF DIRECTORS OR COMMITTEE IS NOT FUNCTIONING IN ACCORDANCE WITH LAW OR THE BY-LAWS OF THE COOPERATIVE: PROVIDED, HOWEVER, THAT IF THE GENERAL ASSEMBLY CANNOT BE CONVENED FOR LACK OF QUORUM, THE AUTHORITY SHALL DECLARE SUCH POSITION(S) VACANT AND THE AUTHORITY SHALL DECLARE APPOINT A SUITABLE PERSON

OR PERSONS TO DIRECT, SUPERVISE AND MANAGE THE AFFAIRS OF THE COOPERATIVE ON SUCH TERMS AND CONDITIONS AS MAY BE PRESCRIBED FOR A SPECIFIED PERIOD NOT EXCEEDING TWO (2) YEARS UNTIL A NEW BOARD OF DIRECTORS AND/OR COMMITTEE IS ELECTED: PROVIDED FURTHER, THAT THE AUTHORITY MAY ORDER THAT ANY OR ALL OF THE DIRECTORS OR THE COMMITTEE MEMBERS SHALL BE DISQUALIFIED AS CANDIDATES OR FROM BEING APPOINTED AS MEMBERS TO THE BOARD OF DIRECTORS OR TO ANY OF THE COMMITTEES OF THE COOPERATIVE FOR A PERIOD TO BE SPECIFIED IN THE ORDER BUT NOT EXCEEDING THREE (3) YEARS: PROVIDED, FINALLY, THAT THE AUTHORITY MAY FROM TIME TO TIME EXTEND THE PERIOD SPECIFIED IN SUCH ORDER BUT NOT TO EXCEED TWO (2) YEARS OR SUCH EXTENSION;

(s) ENLIST THE SUPPORT OF ANY AGENCY OF THE GOVERNMENT IN THE EXERCISE OF ITS POWERS AND FUNCTIONS;

(t) IN THE PERFORMANCE OF ITS ADJUDICATIVE FUNCTIONS AND SUBJECT TO THE PROCEDURE OF SECTION 9 HEREOF, DECIDE ALL DISPUTES BETWEEN OR AMONG THE MEMBERS, OFFICERS, COMMITTEES OR DIRECTORS OF COOPERATIVES AND BETWEEN OR AMONG COOPERATIVES;

- (u) INITIATE COMPLAINTS FOR VIOLATIONS OF COOPERATIVE LAWS AND BY-LAWS BEFORE THE REGULAR COURTS;
- (v) Adopt rules and regulations for the conduct of its internal operations;
- (w) Submit an annual report to the President and Congress on the state of cooperative movement; and
- (x) Exercise such other functions as may be necessary to implement the provisions of cooperative laws, and, in the performance thereof, the Authority may summarily punish for direct contempt any person guilty of misconduct in the presence of the Authority who seriously interrupts any hearing with a fine of not more than TWO THOUSAND PESOS (P2,000.00) OR IMPRISONMENT OF NOT MORE THAN TEN (10) DAYS, OR BOTH [five hundred pesos (P500.00)] . Acts constituting indirect contempt as defined under Rule 71 of the Revised Rules of Court shall be punished in accordance with the said Rule.

Sec. 5. [4.] *Governing Body.* - The Authority shall be governed by a Board of Administrators consisting of a Chairman and SEVEN (7) [a six (6)] members to be appointed by the President, all of whom shall be chosen from among the nominees of the cooperative sector with two (2) representatives each from Luzon, Visayas and Mindanao. THE OTHER MEMBER SHALL REPRESENT THE AUTONOMOUS REGION OF MUSLIM MINDANAO, WHO SHALL BE RECOMMENDED BY THE REGIONAL GOVERNOR. They shall serve for a term of six (6) years without reappointment: Provided, THAT THE INCUMBENT CHAIRMAN

AND MEMBERS OF THE BOARD OF ADMINISTRATORS SHALL CONTINUE TO SERVE UNTIL THE END OF THEIR RESPECTIVE TERMS OF OFFICE [Provided, that among those first appointed, the chairman shall serve for a term of six (6) years without reappointment, three (3) members to serve for a term of four (4) years, and three (3) members to serve for a term of two (2) years.] . The Chairman and members SHALL HAVE THE RANK AND PRIVILEGES OF A DEPARTMENT SECRETARY AND UNDERSECRETARIES, REPECTIVELY, AND shall serve on a full time basis. Any vacancy in the Board shall be filled by appointment by the President in accordance with the membership allocation set forth in this section: Provided, That a member so appointed shall serve only for the unexpired term.

Sec. 6. [5.] *Qualifications of Members of the Governing Board.* - No person shall be appointed Chairman or member of the Board of Administrators unless he POSSESSES [possess] the following qualifications:

- (a) A natural born citizen of the Philippines;
- (b) A bachelor's degree on cooperatives, economics, finance, agriculture, fisheries, veterinary medicine, business, social science, law, management, or in similar fields of study and FIVE (5) years of experience as an official or officer of a cooperative, government agency, or non-government organization engaged in cooperative development or, in the absence of a bachelor's degree, at least ten (10) years of experience in cooperatives either as an officer of a cooperative or a government agency or non-government organization engaged in cooperative development; and

- (c) Must be a resident of the region he represents for at least TWO (2) [five (5)] years.

Any person appointed as Chairman or regular member of the Board of Administrators shall divest himself of any direct or indirect pecuniary interest or dealings with cooperatives upon his appointment.

Sec. 7. [6.] *Board of Administrator's Meeting.* - The Board of Administrators shall meet at least once a month for the transaction of its regular business. Special meetings may be called by the Chairman or majority of the members to consider specific matters. A majority vote by the entire Board shall be required for a decision. Meetings of the Board MAY [shall] be held at the head office in Metro Manila or any other place as may be determined by the Board.

The Board of Administrators shall appoint an Executive Director who shall be the chief operating officer of the Authority whose compensation shall be fixed by the Board of Administrators.

Sec. 8. [7.] *Organization of the Authority.* - THE AUTHORITY SHALL BE COMPOSED OF THE BOARD OF ADMINISTRATORS, OFFICE OF THE EXECUTIVE DIRECTOR AND HIS TWO (2) DEPUTIES, THE SERVICE OFFICES, THE TECHNICAL DEPARTMENTS, THE NATIONAL COOPERATIVE ADJUDICATION BOARD, AND THE REGIONAL AND FIELD OFFICES. [The Authority shall be organized within One Hundred Twenty (120) days from the effectivity of this Act.]

A. THE SERVICE OFFICES, WHICH SHALL BE HEADED BY DIRECTORS, SHALL BE THE FOLLOWING:

- (1) PLANNING SERVICE CONSISTING OF THE MANAGEMENT INFORMATION SYSTEM DIVISION AND THE SPECIAL PROJECTS DIVISION;
- (2) THE ADMINISTRATIVE SERVICE CONSISTING OF PERSONNEL DIVISION, ADMINISTRATIVE DIVISION, GENERAL SERVICES DIVISION, RECORDS DIVISION AND THE LIBRARY DIVISION; AND
- (3) THE FINANCIAL AND MANAGEMENT SERVICE CONSISTING OF BUDGET DIVISION, ACCOUNTING DIVISION AND MANAGEMENT DIVISION.

B. THE TECHNICAL DEPARTMENTS, WHICH SHALL BE HEADED BY DIRECTORS, SHALL BE THE FOLLOWING:

- (1) THE COOPERATIVE DEVELOPMENT DEPARTMENT CONSISTING OF THE COOPERATIVE STANDARDS DIVISION, THE COOPERATIVE PROJECT DEVELOPMENT ASSISTANCE DIVISION, AND THE COOPERATIVE MONITORING AND EVALUATION DIVISION;
- (2) THE COOPERATIVE EDUCATION AND TRAINING DEPARTMENT CONSISTING OF THE COOPERATIVE RESEARCH AND INFORMATION DIVISION, THE CURRICULUM AND STANDARDS DIVISION, THE MATERIALS DEVELOPMENT DIVISION, AND THE COOPERATIVE TRAINING INSTITUTE;
- (3) THE LEGAL AND REGISTRATION DEPARTMENT CONSISTING OF THE LEGAL DIVISION, AND THE REGISTRATION AND REGULATORY DIVISION.

C. THE NATIONAL COOPERATIVE ADJUDICATION BOARD CONSISTING OF THE LEGAL RESEARCH DIVISION AND THE SUPPORT DIVISION;

D. THE REGIONAL OFFICES HEADED BY REGIONAL DIRECTORS SHALL EACH CONSIST OF THE COOPERATIVE REGULATORY DIVISION, COOPERATIVE EDUCATION AND TRAINING DIVISION, COOPERATIVE DEVELOPMENT DIVISION, COOPERATIVE SERVICE DIVISION AND THE REGIONAL COOPERATIVE ADJUDICATION BOARD. THESE REGIONAL OFFICES SHALL BE RESPONSIBLE FOR COORDINATING AND IMPLEMENTING THE FUNCTIONS, POWERS AND RESPONSIBILITIES OF THE AUTHORITY.

THE BOARD OF ADMINSTRATORS SHALL DELINEATE THE FUNCTIONS, POWERS AND RESPONSIBILITIES OF THE ABOVE-MENTIONED OFFICES, DEPARTMENTS AND DIVISIONS EXCEPT THE COOPERATIVE ADJUDICATION BOARDS WITH RESPECT TO THOSE FUNCTIONS, POWERS AND RESPONSIBILITIES ALREADY PROVIDED HEREIN.

SEC. 8. *Mediation and Conciliation.* - Upon request of either of both parties, the Authority shall mediate and conciliate disputes within a cooperative or between cooperatives; Provided, That if no mediation or conciliation succeeds within three (3) months from request thereof, a certificate of no-resolution shall be issued by the commission prior to the filing of appropriate action before the proper courts.

SEC. 9. [8] COOPERATIVE ADJUDICATION BOARD. - NATIONAL AND REGIONAL COOPERATIVE ADJUDICATION BOARDS ARE

HEREBY CREATED UNDER THE ADMINISTRATIVE SUPERVISION OF THE BOARD OF ADMINISTRATORS.

THE NATIONAL COOPERATIVE ADJUDICATION BOARD SHALL BE COMPOSED OF A CHAIRMAN AND TWO (2) MEMBERS ALL OF WHOM ARE MEMBERS OF THE PHILIPPINE BAR WHO HAVE BEEN ENGAGED IN THE PRACTICE OF LAW FOR AT LEAST TWO (2) YEARS.

THE NATIONAL COOPERATIVE ADJUDICATION BOARD SHALL HAVE EXCLUSIVE ORIGINAL JURISDICTION OVER ALL CASES WHERE THE DISPUTE IS WITHIN A COOPERATIVE OPERATING NATIONWIDE WHETHER PRIMARY, SECONDARY OR TERTIARY COOPERATIVE AND INTER-REGIONAL DISPUTES BETWEEN OR AMONG COOPERATIVES.

THE NATIONAL COOPERATIVE ADJUDICATION BOARD SHALL LIKEWISE HAVE THE EXCLUSIVE APPELATE JURISDICTION OVER DECISIONS, ORDERS AND RESOLUTIONS RENDERED/ISSUED BY THE REGIONAL COOPERATIVE ADJUDICATION BOARDS.

THE REGIONAL COOPERATIVE ADJUDICATION BOARD IN EVERY REGIONAL OFFICE OF THE AUTHORITY SHALL BE COMPOSED OF THREE (3) MEMBERS. THE CHAIRMAN OF THE SAID BOARD SHALL BE A MEMBER OF THE PHILIPPINE BAR WHO HAS BEEN ENGAGED IN THE PRACTICE OF LAW FOR AT LEAST ONE (1) YEAR.

THE REGIONAL COOPERATIVE ADJUDICATION BOARDS SHALL HAVE ORIGINAL EXCLUSIVE JURISDICTION OVER ALL INTER AND INTRA-COOPERATIVE DISPUTES BETWEEN COOPERATIVES WITHIN THEIR TERRITORIAL JURISDICTIONS, EXCEPT FOR THOSE CASES FALLING UNDER THE JURISDICTION OF THE NATIONAL COOPERATIVE ADJUDICATION BOARD.

THE REGIONAL COOPERATIVE ADJUDICATION BOARDS SHALL ACQUIRE JURISDICTION OVER ALL COOPERATIVE CASES FALLING UNDER THEIR RESPECTIVE TERRITORIAL JURISDICTIONS ONLY UPON RECEIPT OF A CERTIFICATE OF NON-RESOLUTION ISSUED BY THE MEDIATION AND CONCILIATION COMMITTEE OF THE COOPERATIVE CONCERNED AND/OR CERTIFICATE OF NON-RESOLUTION ISSUED BY THE FEDERATION AND/OR UNION TO WHICH THE COOPERATIVE BELONGS.

COOPERATIVE ADJUDICATION BOARDS SHALL ALSO HAVE ORIGINAL AND EXCLUSIVE JURISDICTION OVER ISSUES INVOLVING PRIMARY, SECONDARY OR TERTIARY COOPERATIVES IN THEIR RESPECTIVE JURISDICTION, SUCH AS BUT NOT LIMITED TO:

- (1) PETITIONS OF COOPERATIVES FOR BANKRUPTCY AND INSOLVENCY;
- (2) COMPLAINTS FOR VIOLATIONS OF THE PROVISIONS OF REPUBLIC ACT NO. 6938 AND REPUBLIC ACT NO. 6939, AS AMENDED, EXCEPT THOSE PENAL IN NATURE;
- (3) PETITIONS INQUIRING INTO THE LEGAL RIGHTS OF COOPERATIVES, DIRECTORS OR OFFICERS FOR HOLDING AND/OR EXERCISING SUCH RIGHTS AND/OR OFFICES.

IN AID OF THEIR ADJUDICATIVE FUNCTIONS, THE COOPERATIVE ADJUDICATION BOARDS MAY EXERCISE ANY OR ALL OF THE FOLLOWING:

- (1) AWARD DAMAGES, INCLUDING ATTORNEY'S FEES;
- (2) CAUSE THE CONDUCT OF AN AUDIT, WHETHER FINANCIAL, MANAGEMENT OR OTHERWISE, ON THE

AFFAIRS OF A COOPERATIVE INVOLVED IN APENDING
CASE;

- (3) REQUIRE THE ATTENDANCE OF WITNESSES AND/OR
THE PRODUCTION OF BOOKS, RECORDS AND/OR
DOCUMENTS, THROUGH THE ISSUANCE OF SUBPOENAS
AD TESTIFICANDUM OR SUBPOENAS DUCES TECUM;
- (4) ISSUE ADMINISTRATIVE ORDERS, SUCH AS CEASE
AND DESIST ORDERS, PERTAINING TO CONTROVERSIES
BROUGHT BEFORE THEM;
- (5) ENLIST THE AID AND SUPPORT OF AND/OR DEPUTIZE
ANY LAW ENFORCEMENT OFFICER IN THE
IMPLEMENTATION AND ENFORCEMENT OF THEIR
DECISIONS, ORDERS, OR RESOLUTIONS; AND
- (6) PUNISH ANY PERSON, OFFICERS AND/OR MEMBERS OF
A COOPERATIVE FOR ACTS CONSTITUTING DIRECT OR
INDIRECT CONTEMPT

DECISIONS, ORDERS OR RESOLUTIONS OF THE REGIONAL
COOPERATIVE ADJUDICATION BOARDS SHALL BE APPEALABLE
TO THE NATIONAL COOPERATIVE ADJUDICATION BOARD WITHIN
FIFTEEN (15) DAYS FROM RECEIPT THEREOF, OTHERWISE, THEY
SHALL BECOME FINAL AND EXECUTORY. THE DECISIONS,
ORDERS OR RESOLUTIONS OF THE NATIONAL COOPERATIVE
ADJUDICATION BOARD SHALL BE APPEALABLE TO THE COURT OF
APPEALS WITHIN FIFTEEN (15) DAYS FROM RECEIPT THEREOF.

ONLY THE COURT OF APPEALS AND THE SUPREME COURT
HAVE THE POWER TO ISSUE RESTRAINING ORDERS OR WRITS OF
PRELIMINARY INJUNCTION AGAINST ANY PROCEEDINGS AND/OR
DECISIONS, ORDERS OR RESOLUTIONS OF THE COOPERATIVE
ADJUDICATION BOARDS WITHOUT PREJUDICE TO THE POWER OF

THE NATIONAL COOPERATIVE ADJUDICATION BOARD TO ISSUE, IN THE EXERCISE OF ITS APPELLATE JURISDICTION, RESTRAINING ORDERS, OR WRITS OF PRELIMINARY INJUNCTION AGAINST PROCEEDINGS AND/OR DECISIONS, ORDERS OR RESOLUTIONS RENDERED/ISSUED BY THE REGIONAL COOPERATIVE ADJUDICATION BOARDS.

[*Sec. 9. Power to Register Cooperatives.* - The power to register cooperatives shall be vested solely on the Authority. The functions of the following department and agencies relating to the registration of cooperatives as such are hereby transferred to the Authority:

- (a) the Department of Agriculture;
- (b) the Bureau of Agricultural Cooperatives Development;
- (c) the Department of Transportation and Communication;
- (d) the Sugar Regulatory Administration;
- (e) the National Electrification Administration; and
- (f) any other pertinent government agency.

The Bureau of Agricultural Cooperatives Development created under Executive Order No. 116, Series of 1987, is hereby abolished and its employees are hereby absorbed by the Cooperative Development Authority in accordance with its staffing pattern, subject to Civil Service rules and regulations and rules of the Office of the Compensation and Position Classification: Provided, That the Regional Cooperative Development Assistance Offices of Region IX and XII, created under Executive Order No. 634, are also hereby abolished and their employees shall be given preference for employment with the Cooperative Development Authority in accordance with its staffing pattern, subject to Civil Service rules and regulations: Provided finally, That those who are not absorbed shall be

given separation pay computed at one and one-fourth (1 ¼) months salary for every year of service. Service of six (6) months or more shall be considered as one (1) year in computing the years of service for severance pay and whenever applicable, other pertinent benefits under existing laws.]

SECTION 10. [9] THE COOPERATIVE DEVELOPMENT COUNCILS. - THERE IS HEREBY CREATED A NATIONAL DEVELOPMENT COUNCIL WHICH SHALL ACT AS THE ADVISORY BODY OF THE AUTHORITY ON MATTERS OF POLICIES, PLANS AND PROGRAMS ON COOPERATIVES, THE COMPOSITION OF WHICH SHALL BE AS FOLLOWS:

- (1) THE CHAIRMAN OF THE AUTHORITY AS THE EX-OFFICIO CHAIRMAN;
- (2) ONE (1) REPRESENTATIVE FROM EACH OF THE NATIONAL FEDERATIONS AND UNIONS OF COOPERATIVES;
- (3) THREE (3) REPRESENTATIVES OF NON-GOVERNMENT ORGANIZATIONS WITH COOPERATIVE PROGRAMS APPOINTED BY THE CHAIRMAN FROM AMONG THE NOMINEES OF THE NON-GOVERNMENT ORGANIZATIONS;
- (4) ONE (1) REPRESENTATIVE EACH FROM LUZON, THE VISAYAS AND MINDANAO FROM THE INSTITUTIONS GRANTING DEGREES IN COOPERATIVES ALL OF WHOM SHALL BE APPOINTED BY THE CHAIRMAN; AND
- (5) ONE (1) REPRESENTATIVE EACH FROM NATIONAL GOVERNMENT AGENCIES WITH COOPERATIVE PROGRAMS, GOVERNMENT FINANCIAL INSTITUTIONS AND THE GOVERNOR'S LEAGUE OF THE PHILIPPINES.

THE REGIONAL, PROVINCIAL, CITY AND MUNICIPAL COOPERATIVE DEVELOPMENT COUNCILS SHALL LIKEWISE BE CREATED WITH SIMILAR FUNCTIONS AND COMPOSITIONS AS THAT OF THE NATIONAL COOPERATIVE DEVELOPMENT COUNCIL AS FAR AS PRACTICABLE.

THE COUNCIL SHALL MEET AT LEAST AS FOLLOWS: THE NATIONAL COOPERATIVE DEVELOPMENT COUNCIL, ANNUALLY; THE REGIONAL COOPERATIVE DEVELOPMENT COUNCIL, SEMI-ANNUALLY; THE PROVINCIAL, CITY AND MUNICIPAL COOPERATIVE DEVELOPMENT COUNCIL, QUARTERLY.

ACTUAL AND NECESSARY EXPENSES FOR THE MEETING OF THE COUNCILS MAY BE CHARGED TO THE FUNDS OF THE AUTHORITY SUBJECT TO USUAL ACCOUNTING AND AUDITING RULES AND REGULATIONS

Section 11. [10.] *Transfer of Funds and Programs.* - ALL LOAN FUNDS EXCEPT THE FUND FOR COOPERATIVE MARKETING PROJECT (CMP) THAT ARE IN THE POSSESSION OF THE AUTHORITY SHALL BE TRANSFERRED TO COOPERATIVE BANKS AS DETERMINED BY IT AND THE BANGKO SENTRAL NG PILIPINAS.

[The Cooperative Development Loan Fund created under Presidential Decree No. 175, as amended, is likewise hereby transferred to the Authority.

The function of the Fund for Management Training and Assistance Program granted to the Department of Agriculture by Presidential Decree No. 175, as amended, is likewise hereby transferred to the Authority.

The Fund for Management Training and Assistance Program granted to the Department of Agriculture by Presidential Decree No. 175, as

amended, is hereby converted into a fund for the development of cooperatives and may be used for such purpose upon the request of the cooperatives concerned: Provided, That duly registered cooperatives shall have the right to establish their own private training centers or federations for purposes of cooperative development

In addition, the Cooperative Marketing Project as created under loan agreements which are now managed by the Department of Agriculture is likewise hereby transferred to the Authority.]

Sec. 12. [11.] *Cooperatives in the Education System.* - The history, philosophy, principles and practices of cooperatives and their role as a factor in the national economy shall be disseminated both in formal and non-formal education.

The role of non-government organizations, not registered as cooperatives but duly registered under Philippine laws and engaged in cooperative promotion, organization, research and education, shall be recognized. The Authority may accredit such non-government organizations as non-academic training organizations. The training courses offered by them may be eligible as credits for purposes of academic, professional and career advancements of their trainees. Existing training centers for cooperatives may qualify as non-government organizations under this Act.

State colleges and universities shall provide technical assistance and guidance to cooperatives in the communities wherein they operate, [upon request].

Sec. 13. [12.] *Cooperatives in the Banking System.* - The promotion and development of cooperative banks as part of the Philippine banking system shall be a major concern of the Authority which shall undertake the necessary programs towards this end in collaboration with the BANGKO

SENTRAL NG PILIPINAS [Central Bank of the Philippines] and the cooperative sector concerned.

Sec. 14.[13]. *Rule-Making Authority.* - The Authority is hereby authorized to promulgate, [after due public hearing and approval of the President,] such rules and regulations as may be necessary to implement the provisions of this ACT. Such implementing rules and regulations shall take effect within fifteen (15) days after publication thereof in the Official Gazette or in two (2) newspapers of general circulation. [All subsequent amendments to the implementing rules and regulations shall undergo the same process.]

[**Section 14. *Prohibition.*** - No organization shall be allowed to use the title "cooperative" in its name unless it follows all generally accepted cooperative principles, applicable cooperative laws, and is duly registered under this ACT: Provided, That organizations which have used the word "cooperative" as part of their nomenclature but which do not qualify as cooperatives under the provisions of this Act shall have three (3) years within which to qualify and to register with the Authority. If at the end of the three (3) year period herein, the said organization still do not qualify, it shall be unlawful for the organization to continue using the word "cooperative" in their names.]

Sec. 15. [14.] *Information Campaign.* - The Cooperative Development Authority is mandated to conduct a six (6) months information campaign on the provisions of this ACT, beginning three (3) months from the effectivity of this ACT.

Sec. 16. [15.] Appropriations. - THE ADDITIONAL AMOUNT NEEDED TO CARRY OUT THE PROVISIONS OF THIS ACT MAY BE REQUESTED AND DRAWN BY THE AUTHORITY FROM THE PHILIPPINE AMUSEMENT AND GAMING CORPORATION. THEREAFTER, SUCH SUMS AS MAYBE NECESSARY FOR ITS CONTINUED IMPLEMENTATION SHALL BE INCLUDED IN THE ANNUAL GENERAL APPROPRIATIONS ACT. [The funds needed to carry out the provisions of this Act shall be charged to the appropriations of the Bureau of Agriculture Cooperatives Development and the Regional Cooperative Development Assistance Offices to Region IX and XII under the current General Appropriations Act in addition to the appropriations of other department/agencies/funds whose functions/programs are transferred to the Authority: Provided, That in its initial year of operations, an additional amount not exceeding Sixty Million Pesos (P60,000,000.00) may be requested and drawn by the Authority from the Contingent Fund of the President. Thereafter, such sums as may be necessary shall be included in the annual General Appropriations Act.]

[**Sec. 17. Transitory Provisions.** - All cooperatives registered under Presidential Decree No. 175 and 775 and Executive Order No. 398 shall be deemed registered with the Cooperative Development Authority: Provided however, That they shall submit to the nearest Cooperative Development Authority office their certificates of registration, copies of their articles of incorporation and by-laws, and their latest duly audited financial statements within one (1) year from the effectivity of the Act, otherwise, their registration shall be cancelled: Provided further, That cooperatives created under Presidential Decree No. 269, as amended by Presidential Decree No. 1645, shall be given three (3) years within which to qualify and register with the Authority; Provided finally, That after these cooperatives

shall have qualified and registered, the provisions of Section 3 and 5 of Presidential Decree No. 1645 shall no longer be applicable to the said cooperatives.]

Sec. 17. [16.] *Repealing Clause.* - All acts, PRESIDENTIAL DECREES, general orders, executive orders, letters of implementation, letters of instruction, regulations or circulars, or parts thereof, inconsistent with any provisions of this ACT are hereby repealed or modified accordingly. In case of doubt, the same shall be resolved in favor of the cooperatives.

Sec. 18. [17.] *Separability.* - If for any cause any part of this ACT is declared unconstitutional, the rest of the provisions shall remain in force and effect.

Sec. 19. [18.] *Effectivity.* - This ACT shall take effect fifteen (15) days after its publication in the Official Gazette or in TWO (2) newspapers of general circulation.

Approved.