

FOURTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Second Regular Session)

8 SEP -3 P4:23

SENATE

S.B. No. 2600

RECEIVED BY



Introduced by Senator Juan Miguel F. Zubiri

EXPLANATORY NOTE

The Cooperative Development Authority (CDA) was created through the enactment of R.A. 6939 to provide assistance and promote the viability and growth of cooperatives in the country. The cooperatives have grown into a very large sector that they now play a vital role as economic catalyst for the marginalized communities.

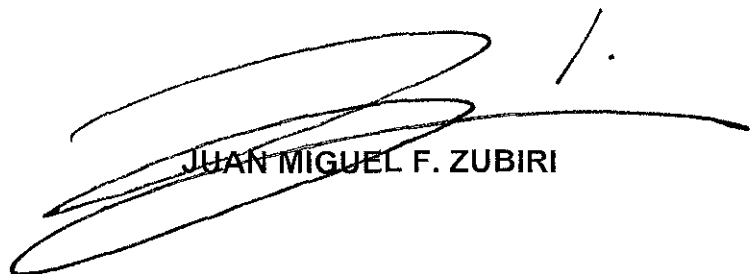
Over the years, the cooperative sector has been at the forefront in leveraging the economic activities of ordinary citizens. In fact, it has generated full time and part-time employment for our people with 1.498 million jobs in 2004, 1.563 million jobs in 2005 or with an increase of about 65,215 over 2004 figures; and 1.636 million jobs as of December 31, 2006 with an increase of 73,047 jobs over 2005.

Despite its successes, many registered cooperatives have fallen by the wayside due to a lack of sufficient training in the management and operation of cooperatives, some due to a lack of proper values inherent in any cooperative undertaking, some due to simple mismanagement, and others - because they were organized for the wrong reasons.

In view of the new dynamics necessary for the continued development of the cooperative sector, the CDA has to be strengthened and empowered not just as a supervisory and regulatory body but, more importantly, as a proactive agency that pursues the birth, continued growth and sustainability of cooperatives all over the Philippines.

This proposed legislation, therefore, aims to amend the CDA Charter by redefining its powers, functions and operations for the efficient and effective promotion, supervision, regulation and development of cooperatives. This will likewise complement and reinforce the amendments to the Cooperative Code.

For these reasons, the passage of this bill is earnestly sought.



JUAN MIGUEL F. ZUBIRI

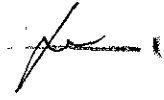
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**AN ACT
REORGANIZING AND STRENGTHENING THE COOPERATIVE DEVELOPMENT
AUTHORITY (CDA), AMENDING FOR THIS PURPOSE REPUBLIC ACT NO. 6939,
REDEFINING ITS POWERS, FUNCTIONS AND OPERATIONS FOR THE EFFICIENT
AND EFFECTIVE SUPERVISION, REGULATION, AND DEVELOPMENT OF
COOPERATIVES IN THE PHILIPPINES, AND FOR OTHER PURPOSES**

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

1 Section 1. **TITLE.** — **THIS ACT SHALL BE KNOWN AS “THE REVISED**
2 **CHARTER OF THE COOPERATIVE DEVELOPMENT AUTHORITY OF THE**
3 **PHILIPPINES.”**

4
5 SEC. [1] 2. **Declaration of Policy.** – It is hereby declared the policy of the State
6 to promote the viability and growth of cooperatives as instruments of equity, social
7 justice and economic development and create an agency, in fulfillment of the mandate
8 in Section 15, Article XII of the Constitution. Toward this end, the State shall recognize
9 cooperatives as associations organized for the economic and social betterment of their
10 members, operating business enterprises based on mutual aid, and founded upon
11 internationally accepted cooperative principles and practices.

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

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

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

6 SEC. [2] 3. *Creation of the Cooperative Development Authority OF THE*
7 *PHILIPPINES (CDAP).* — The Cooperative Development Authority **OF THE**
8 **PHILIPPINES (CDAP)** is hereby created to carry out the provisions of this Act.
9 **NOTWITHSTANDING ANY EXECUTIVE ORDER, MEMORANDUM CIRCULAR, OR**
10 **LETTER OF INSTRUCTION, THE CDAP SHALL REMAIN UNDER THE**
11 **ADMINISTRATIVE SUPERVISION OF THE OFFICE OF THE PRESIDENT.**

12 SEC. [3] 4. *Powers, Functions and Responsibilities.* The [Authority] **CDAP** shall
13 have the following powers, functions and responsibilities:

14 [(a) Formulate, adopt and implement integrated and comprehensive plans and
15 programs on cooperative development consistent with the national policy on
16 cooperatives and the overall socio-economic development plans of the Government;

17 (b) Develop and conduct management and training programs upon request of
18 cooperatives that will provide members of cooperatives with the entrepreneurial
19 capabilities, managerial expertise, and technical skills required for the efficient operation
20 of their cooperatives and inculcate in them the true spirit of cooperativism and provide,
21 when necessary, technical and professional assistance to ensure the viability and
22 growth of cooperatives with special concern for agrarian reform, fishery and
23 economically depressed sectors;

24 (c) Support the voluntary organization and consensual development of activities
25 that promote cooperative movements and provide assistance towards upgrading
26 managerial and technical expertise upon request of the cooperatives concerned;

27 (d) Coordinate the efforts of the local government units and the private sector in
28 the promotion, organization, and development of cooperatives;

29 (e) Register all cooperatives, and their federations and unions, including their
30 division, merger, consolidation, dissolution or liquidation. It shall also register the
31 transfer of all or substantially all of their assets and liabilities and such other matters as
32 may be required by the Authority;

33 (f) Require all cooperatives, their federations and unions to submit their annual
34 financial statements, duly audited by a certified public accountant, and general
35 information sheets;

1 (g) Order the cancellation after due notice and hearing of the cooperative's
2 certificate of registration for non-compliance with administrative requirements and in
3 cases of voluntary dissolution;

4 (h) Assist cooperatives in arranging for financial and other forms of assistance
5 under such terms and conditions as are calculated to strengthen their viability and
6 autonomy;

7 (i) Establish extension offices as may be necessary and financially viable to
8 implement this Act. Initially, there shall be extension offices in the cities of Dagupan,
9 Manila, Naga, Iloilo, Cebu, Cagayan de Oro and Davao;

10 (j) Impose and collect reasonable fees and charges in connection with the
11 registration of cooperatives;

12 (k) Administer all grants and donations coursed through the Government for
13 cooperative development, without prejudice to the right of cooperatives to directly
14 receive and administer such grants and donations upon agreement with the grantors
15 and donors thereof;

16 (l) Formulate and adopt continuing policy initiatives consultation with the
17 cooperative sector through public hearings;

18 (m) Adopt rules and regulations for the conduct of its internal operations;

19 (n) Submit an annual report to the President and Congress on the state of the
20 cooperative movement; and

21 (o) Exercise such other functions as may be necessary to implement the
22 provisions of cooperative laws and, in the performance thereof, the Authority may
23 summarily punish for direct contempt any person guilty of misconduct in the presence of
24 the Authority which seriously interrupts any hearing or inquiry with a fine of not more
25 than five hundred pesos (P500.00) or imprisonment of not more than ten (10) days, or
26 both. Acts constituting indirect contempt as defined under Rule 71 of the Rules of Court
27 shall be punished in accordance with the said Rule.]

28 **(A) SUPERVISE AND EXERCISE JURISDICTION OVER ALL**
29 **COOPERATIVES, WHETHER PRIMARY, SECONDARY, TERTIARY, FEDERATIONS**
30 **OR UNIONS;**

31 **(B) SOLELY AND EXCLUSIVELY REGISTER ALL COOPERATIVES, THEIR**
32 **FEDERATIONS AND UNIONS, INCLUDING AMENDMENTS TO THEIR ARTICLES**
33 **OF COOPERATION AND BY-LAWS, DIVISION, MERGER, CONSOLIDATION,**
34 **DISSOLUTION, LIQUIDATION, TRANSFER OF ALL OR SUBSTANTIALLY ALL OF**

1 THEIR ASSETS AND LIABILITIES, AND SUCH OTHER RELATED MATTERS AS
2 THE CDAP MAY DEEM NECESSARY;

3 (C) REQUIRE ALL COOPERATIVES TO SUBMIT THEIR ANNUAL REPORTS,
4 AUDITED FINANCIAL STATEMENTS, AND SUCH OTHER DOCUMENTS IN SUCH
5 FORMS AS MAY BE PRESCRIBED BY THE CDAP;

6 (D) ORDER, AFTER DUE NOTICE AND HEARING, THE SUSPENSION,
7 AND/OR THE CANCELLATION OF THE CERTIFICATE OF REGISTRATION OF ANY
8 COOPERATIVE REGISTERED BY THE CDAP;

9 (E) ORDER, AFTER DUE NOTICE AND HEARING, THE SUSPENSION ANY
10 OFFICER OR MEMBER OF THE COOPERATIVE FOR ANY VIOLATION OF THE
11 COOPERATIVE CODE OR OTHER PERTINENT LAWS, THEIR IMPLEMENTING
12 RULES AND REGULATIONS, THE ARTICLES AND/OR BY-LAWS OF THE
13 COOPERATIVE;

14 (F) CONDUCT, MOTU PROPRIO, AN ANNUAL INSPECTION OR
15 EXAMINATION OF ANY COOPERATIVE IN ACCORDANCE WITH SUCH RULES
16 AND REGULATIONS THAT MAY BE PROMULGATED, OR CONDUCT SPECIAL
17 INSPECTIONS OR EXAMINATION WHEN DEEMED NECESSARY TO PROTECT
18 THE INTERESTS AND WELFARE OF THE MEMBERS OF COOPERATIVES;

19 (G) SUPERVISE AND MONITOR THE COMPLIANCE OF ALL
20 COOPERATIVES, INCLUDING THEIR FEDERATIONS OR UNIONS OF
21 COOPERATIVES WITH THIS ACT, THE COOPERATIVE CODE, AND OTHER
22 PERTINENT LAWS, RULES AND REGULATIONS, AND ISSUANCES
23 ADMINISTERED, ENFORCED AND IMPLEMENTED BY THE CDAP, AS WELL AS
24 THE DULY APPROVED AND REGISTERED ARTICLES OF COOPERATION AND
25 BY-LAWS OF THE COOPERATIVE;

26 (H) IMPOSE FINES AND PENALTIES FOR VIOLATIONS OF THIS ACT, THE
27 COOPERATIVE CODE, THEIR IMPLEMENTING RULES AND REGULATIONS AND
28 OTHER PERTINENT LAWS AND REGULATIONS;

29 (I) ESTABLISH AND PRESCRIBE, IN CONSULTATION WITH THE
30 COOPERATIVE MOVEMENT, REASONABLE RULES, REGULATIONS,
31 GUIDELINES OR STANDARDS THAT WILL PROMOTE THE SAFETY AND
32 SOUNDNESS OF THE COOPERATIVES;

33 (J) IDENTIFY AND DETERMINE UNSAFE AND UNSOUND PRACTICES THAT
34 SHOULD BE AVOIDED BY COOPERATIVES;

1 (K) FORMULATE, ADOPT, AND IMPLEMENT INTEGRATED PLANS AND
2 PROGRAMS ON THE PROMOTION AND DEVELOPMENT OF COOPERATIVES
3 CONSISTENT WITH THE NATIONAL POLICY, INCLUDING SUCH PLANS AND
4 PROGRAMS WITH SPECIAL FOCUS ON OVERSEAS FILIPINO WORKERS, RURAL
5 AND MARGINALIZED FARM AND FISHERY WORKERS;

6 (L) DEVELOP SUCH TRAINING PROGRAMS AS ARE NECESSARY IN
7 ORDER TO ENSURE THE PROMOTION, DEVELOPMENT, VIABILITY AND
8 GROWTH OF COOPERATIVES THAT WOULD PROVIDE THEIR MEMBERS WITH
9 THE ENTREPRENEURIAL CAPABILITIES, MANAGERIAL EXPERTISE, AND
10 TECHNICAL SKILLS REQUIRED FOR THE EFFICIENT OPERATION OF THEIR
11 COOPERATIVES. TOWARDS THIS END, THE CDAP SHALL ACCREDIT
12 INDIVIDUALS OR EDUCATIONAL INSTITUTIONS TO HELP CONDUCT
13 NECESSARY TRAININGS REQUIRED UNDER THE COOPERATIVE CODE;

14 (M) COORDINATE, SUPPORT AND ASSIST THE DEVELOPMENTAL
15 EFFORTS OF GOVERNMENT AGENCIES, WHETHER NATIONAL OR LOCAL, THE
16 COOPERATIVE MOVEMENT, AND THE PRIVATE SECTOR IN THE PROMOTION,
17 ORGANIZATION, AND DEVELOPMENT OF COOPERATIVES. TOWARDS THIS
18 END, ALL GOVERNMENT AGENCIES, SUBDIVISIONS, AND INSTRUMENTALITIES
19 ARE HEREBY DIRECTED TO COORDINATE THEIR PROGRAMS AND PROJECTS
20 ON COOPERATIVE DEVELOPMENT WITH THE CDAP;

21 (N) HEAR AND DECIDE ALL DISPUTES BETWEEN AND AMONG
22 MEMBERS, OFFICERS, AND DIRECTORS OF COOPERATIVES, AND BETWEEN
23 AND AMONG COOPERATIVES, AFTER CONDUCTING MEDIATION AND
24 CONCILIATION PROCEDURES, AND AFTER DUE NOTICE AND HEARING, IN
25 ACCORDANCE WITH THE MANDATE OF THE COOPERATIVE CODE AND THE
26 ALTERNATIVE DISPUTE RESOLUTION LAW;

27 (O) IMPOSE AND COLLECT REASONABLE FEES, FINES OR CHARGES IN
28 THE PERFORMANCE OF ITS REGISTRATION, REGULATORY AND SUPERVISORY
29 FUNCTIONS;

30 (P) REVIEW AND PERIODICALLY ASSESS THE REQUIRED PAID-UP
31 SHARE CAPITAL AND WHEN NECESSARY, INCREASE IT EVERY FIVE (5) YEARS,
32 UPON CONSULTATION WITH THE COOPERATIVE MOVEMENT AND THE
33 NATIONAL ECONOMIC DEVELOPMENT AUTHORITY (NEDA);

34 (Q) CALL UPON, OR DEPUTIZE GOVERNMENT LAW ENFORCEMENT
35 AGENCIES, LOCAL GOVERNMENT UNITS, OR COOPERATIVES, INCLUDING
36 FEDERATIONS AND UNIONS, TO ASSIST IN ITS REGISTRATION, REGULATORY
37 AND SUPERVISORY FUNCTIONS;

1 (R) SUBMIT AN ANNUAL REPORT TO THE PRESIDENT AND THE
2 CONGRESS ON THE STATE OF THE COOPERATIVE MOVEMENT;

3 (S) ADOPT SUCH RULES AND REGULATIONS FOR THE CONDUCT OF ITS
4 INTERNAL OPERATIONS; AND

5 (T) EXERCISE SUCH OTHER POWERS AND FUNCTIONS AS MAY BE
6 NECESSARY TO IMPLEMENT THE PROVISIONS OF THE COOPERATIVE CODE
7 AND OTHER PERTINENT LAWS. IN THE PERFORMANCE THEREOF, THE CDAP
8 MAY SUMMON WITNESSES, ORDER THE PRODUCTION OF DOCUMENTS AND
9 RECORDS, AND MAY SUMMARILY PUNISH FOR DIRECT CONTEMPT ANY
10 PERSON GUILTY OF MISCONDUCT IN THE PRESENCE OF THE CDAP BY
11 IMPRISONMENT OF NOT MORE TEN (10) DAYS. ACTS CONSTITUTING INDIRECT
12 CONTEMPT AS DEFINED UNDER RULE 71 OF THE 1997 RULES OF CIVIL
13 PROCEDURE SHALL BE PUNISHED IN ACCORDANCE WITH SAID RULE.

14 **SEC. [4] 5. Governing Body.** – The Authority shall be governed by a Board of
15 [Administrators] **GOVERNORS** consisting of a Chairman and six (6) members to be
16 appointed by the President, all of whom shall be chosen from among the nominees of
17 the cooperative sector with two (2) representatives each from Luzon, Visayas and
18 Mindanao. They shall serve for a term of six (6) years without reappointment[;]:
19 *Provided*, [That among those first appointed, the Chairman shall serve for a term of six
20 (6) years, three (3) members to serve for a term of four (4) years, and three (3)
21 members to serve for a term of two (2) years; *Provided, further*, That there shall be four
22 (4) *ex officio* members, one each from the: (a) Department of Agriculture, (b)
23 Department of Transportation and Communications; (c) National Electrification
24 Administration, and (d) Sugar Regulatory Administration. Said representation status for
25 the agencies is on a non-voting basis and terminates one (1) year from the operation of
26 the Authority, but said *ex officio* members shall not be holding any other board position
27 in any government entity. The Chairman and members shall serve on a full-time basis.]
28 **THAT ONE OF THE REPRESENTATIVES SHALL COME FROM THE**
29 **AUTONOMOUS REGION IN MUSLIM MINDANAO (ARMM). ANY VACANCY IN THE**
30 **BOARD SHALL BE FILLED BY APPOINTMENT BY THE PRESIDENT IN**
31 **ACCORDANCE WITH THE MEMBERSHIP ALLOCATION SET FORTH IN THIS**
32 **SECTION: PROVIDED, THAT A MEMBER SO APPOINTED SHALL SERVE ONLY**
33 **FOR THE UNEXPIRED TERM.**

34 **SEC. [5] 6. Qualifications of Members of the Governing Board.** – No person
35 shall be appointed Chairman or member of the Board of [Administrators] **GOVERNORS**
36 unless he possesses the following qualifications:

37 (a) A natural born Filipino citizen of legal age;

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

8 (c) Must be a resident of the region he represents for at least five (5) years.

9 Any person appointed as Chairman or regular member of the Board of
10 **[Administrators] GOVERNORS** shall divest himself of any direct or indirect pecuniary
11 interest or dealings with cooperatives upon his appointment.

12 **SEC. 7. Board of [Administrators] Governors Meeting.** – The Board of
13 **[Administrators] Governors** shall meet at least once a month for the transaction of its
14 regular business. Special meetings may be called by the Chairman or majority of the
15 members to consider specific matters. A majority vote by the entire Board shall be
16 required for a decision. All meetings of the Board shall be held at the head office in
17 Manila or at any other place as may be determined by the Board.

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

21 **SEC. 8. THE ADMINISTRATOR AND DEPUTY ADMINISTRATOR. — THE**
22 **CHAIRMAN OF THE BOARD OF GOVERNORS SHALL ALSO SERVE AS THE**
23 **CHIEF EXECUTIVE OFFICER OF THE CDAP WITH THE RANK AND PRIVILEGES**
24 **OF A DEPARTMENT SECRETARY. HE/SHE SHALL SUPERVISE, DIRECT AND**
25 **COORDINATE THE OVER-ALL OPERATIONS OF THE CDAP AND SHALL SUBMIT**
26 **PERIODIC REPORTS AND OTHER SPECIAL REPORTS THAT MAY BE REQUIRED**
27 **FROM THE CDAP.**

28 **A DEPUTY ADMINISTRATOR WHO SHALL BE A CAREER OFFICER SHALL**
29 **BE APPOINTED BY THE BOARD OF GOVERNORS AND SHALL ACT AS THE**
30 **CHIEF OPERATING OFFICER. HE/SHE SHALL ASSIST THE ADMINISTRATOR IN**
31 **THE PERFORMANCE OF HIS/HER FUNCTIONS.**

32 **SEC. [7] 9. Organization of the Authority.** – The Authority shall be organized
33 within one hundred twenty (120) days from the effectivity of this Act. **THE CDAP SHALL**
34 **ORGANIZE AND MAINTAIN REGIONAL OFFICES IN SUCH REGIONS AS MAY BE**
35 **NECESSARY TO IMPLEMENT THE PROVISIONS OF THE COOPERATIVE LAWS.**

1 **SEC. [8] 10. Mediation and Conciliation.** – Upon request of either or both
2 parties, the Authority shall mediate and conciliate disputes within a cooperative or
3 between cooperatives **IN ACCORDANCE WITH THE PROVISIONS OF THE**
4 **COOPERATIVE CODE AND THE ALTERNATIVE DISPUTE RESOLUTION LAW;**
5 *Provided*, That if no mediation or conciliation succeeds within three (3) months from
6 request thereof, a certificate of non-resolution shall be issued by the [commission]
7 **CDAP** prior to the filing of the appropriate action before the proper courts.

8 **SEC. [9] 11. Power to Register Cooperatives.** – The power to register
9 cooperatives shall be vested solely on the [Authority] **CDAP**. The functions of the
10 following departments and agencies relating to the registration of cooperatives as such
11 are hereby transferred to the [Authority] **CDAP**:

- 12 (a) the Department of Agriculture;
- 13 (b) the Bureau of Agricultural Cooperatives Development;
- 14 (c) the Department of Transportation and Communications;
- 15 (d) the Sugar Regulatory Administration;
- 16 (e) the National Electrification Administration; and
- 17 (f) any other pertinent government agency.

18 The Bureau of Agricultural Cooperatives Development created under Executive
19 Order No. 116, series of 1987, is hereby abolished and its qualified employees are
20 hereby absorbed by the Cooperative Development Authority in accordance with its
21 staffing pattern, subject to Civil Service rules and regulations and rules of the Office of
22 Compensation and Position Classification; *Provided*, That the Regional Cooperative
23 Development Assistance Offices of Regions IX and XII, created under Executive Order
24 No. 634, are also hereby abolished and their employees shall be given preference for
25 employment with the Cooperative Development Authority in accordance with its staffing
26 pattern, subject to Civil Service rules and regulations; *Provided, finally*, That those who
27 are not absorbed shall be given separation pay computed at one and one fourth (1 ¼)
28 months salary for every year of service. Service of six (6) months or more shall be
29 considered as one (1) year in computing the years of service for severance pay and,
30 whenever applicable, other retirement benefits under existing laws.

31 **SEC. [10] 12. Transfer of Funds and Programs.** – The Cooperative
32 Development Loan Fund created under Presidential Decree No. 175, as amended, is
33 hereby transferred from the Department of Agriculture to the Authority.

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

4 The Fund for Management Training and Assistance Program under Presidential
5 Decree No. 175, as amended, is hereby converted into a fund for the development of
6 cooperatives and may be used for such purpose upon the request of the cooperatives
7 concerned; *Provided*. That duly registered cooperatives shall have the right to establish
8 their own private training centers or federations for purposes of cooperative
9 development.

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

13 **SEC. [11] 13. Cooperatives in the Education System.** – The history,
14 philosophy, principles and practices of cooperatives and their role as a factor in the
15 national economy shall be disseminated both in formal and non-formal education.

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

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

25 **SEC. [12] 14. Cooperatives in the Banking System.** – The promotion and
26 development of cooperative banks, as part of the Philippine banking system, shall be a
27 major concern of the [Authority] **CDAP** which shall undertake the necessary program
28 [towards this end] **TO PURSUE THIS** in collaboration with the [Central Bank of the
29 Philippines] **BANGKO SENTRAL NG PILIPINAS (BSP)** and the cooperative sector
30 concerned.

31 **SEC. [13] 15. Rule-Making Authority.** – The [Authority] **CDAP** is hereby
32 authorized to promulgate, after due public hearing [and upon approval of the President],
33 such rules and regulations as may be necessary to implement the provisions of this Act.
34 Such implementing rules and regulations shall take effect within fifteen (15) days after
35 publication thereof in the Official Gazette or in two (2) newspapers of general

1 circulation. All subsequent amendments to the implementing rules and regulations shall
2 undergo the same process.

3 **SEC. [14] 16. Prohibitions.** – No organization shall be allowed to use the title
4 “cooperative” in its name unless it follows all generally accepted cooperative principles,
5 applicable cooperative laws, and is duly registered under this Act; *Provided*, That
6 organizations which have used the word “cooperative” as part of their nomenclature but
7 which do not qualify as cooperatives under the provisions of this Act shall have [three
8 (3)] **TWO (2)** years within which to qualify and to register with the Authority. If at the end
9 of the three-year period provided herein, the said organizations still do not qualify, it
10 shall be unlawful for the organizations to continue using the word “cooperative” in their
11 names.

12 **SEC. [15] 17. Information Campaign.** – The Cooperative Development
13 Authority is mandated to conduct a six-months information campaign on the provisions
14 of this Act, beginning three (3) months from the effectivity of this Act.

15 **SEC. [16] 18. Appropriations.** – The funds needed to carry out the provisions of
16 this Act shall be charged to the appropriations of the [Bureau of Agricultural
17 Cooperatives Development and the Regional Cooperative Development Assistance
18 Offices of Regions IX and XII under the current General Appropriations Act in addition to
19 the appropriations of other departments/agencies/funds whose functions/programs are
20 transferred to the Authority; *Provided*, That in its initial year of operations, an additional
21 amount of not exceeding sixty million pesos (P60,000,000.00) may be requested and
22 drawn by the Authority from the Contingent Fund of the President. Thereafter, such
23 sums as may be necessary for its continued implementation shall be included in the
24 annual General Appropriations Act.] **CDAP. IN ORDER TO SUSTAIN THE
25 PROGRAMS AND PROJECTS OF THE GOVERNMENT, AN AMOUNT EQUIVALENT
26 TO TWO PERCENT (2%) OF THE EXPANDED VALUE ADDED TAX FOR THE
27 PREVIOUS YEAR SHALL BE ALLOCATED ANNUALLY FOR DEVELOPMENT OF
28 THE COOPERATIVE MOVEMENT IN ADDITION TO THE CDAP’S ANNUAL
29 APPROPRIATIONS.**

30 **SEC. [17] 19. Transitory Provisions.** – [All cooperatives registered under
31 Presidential Decree Nos. 175 and 775, and Executive Order No. 398 shall be deemed
32 registered with the Cooperative Development Authority; *Provided, however*, That they
33 shall submit to the nearest Cooperative Development Authority office their certificates of
34 registration, copies of their articles of incorporation and by-laws, and their latest duly
35 audited financial statements within one (1) year from the effectivity of this Act,
36 otherwise, their registration shall be cancelled; *Provided, further*, That cooperatives
37 created under Presidential Decree No. 269, as amended by Presidential Decree No.

1 1465, shall be given three (3) years within which to qualify and register with the
2 Authority; *Provided, finally,* That after these cooperatives shall have qualified and
3 registered, the provisions of Sections 3 and 5 of Presidential Decree No. 1645 shall no
4 longer be applicable to the said cooperatives.] **ALL COOPERATIVES PREVIOUSLY**
5 **REGISTERED UNDER THE COOPERATIVE CODE OF THE PHILIPPINES ARE**
6 **HEREBY DEEMED REGISTERED; PROVIDED, THAT SUCH COOPERATIVES**
7 **SHALL SUBMIT TO THE NEAREST OFFICE OF THE CDAP THEIR CERTIFICATES**
8 **OF REGISTRATION, AND A COPY OF THEIR LATEST REGISTERED ARTICLES OF**
9 **COOPERATION, BY-LAWS, AND AUDITED FINANCIAL STATEMENT.**

10 **ALL ELECTRIC COOPERATIVES WHO HAVE NOT REGISTERED WITH THE**
11 **CDAP AT THE ENACTMENT OF THIS ACT ARE GIVEN A PERIOD OF TWO (2)**
12 **YEARS WITHIN WHICH TO REGISTER WITH THE CDAP IN ACCORDANCE WITH**
13 **THE RULES TO BE PROMULGATED BY THE CDAP. FAILING THIS, SUCH**
14 **ELECTRIC COOPERATIVES NOT REGISTERED WITH THE CDAP SHALL BE**
15 **PROHIBITED FROM USING THE TERM “COOPERATIVE” IN THEIR REGISTERED**
16 **AND BUSINESS NAMES.**

17 **SEC. [18] 20. *Repeals.*** – All [acts] **LAWS**, general orders, executive orders,
18 letters of implementation, letters of instruction, regulations or circulars, or parts thereof,
19 inconsistent with any of the provisions of this Act, **MORE PARTICULARLY SECTION**
20 **13 OF PRESIDENTIAL DECREE NO. 269, AS AMENDED, AND EXECUTIVE ORDER**
21 **NO. 898 ARE HEREBY REPEALED OR MODIFIED ACCORDINGLY. IN CASE OF**
22 **DOUBT, THE SAME SHALL BE RESOLVED IN FAVOR OF THE COOPERATIVES.**

23 **SEC. [19] 21. *Separability.*** – If for any cause any part of this Act is declared
24 unconstitutional, the rest of the provisions shall remain in force and effect.

25 **SEC. [20] 22. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
26 publication in the Official Gazette or in a **NATIONAL** newspaper of general circulation.

27 Approved,