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SENATE
S.B. No. 3332

Introduced By Senator Manuel "Lito" M. Lapid

EXPLANATORY NOTE

The spirit of cooperativism runs contrary to any prolonged and extended discord within its ranks. As such, an efficient mechanism for settling disputes within and between cooperatives is necessary. The Philippine Cooperative Code of 2008 ("Cooperative Code") institutes arbitration at the level of the Cooperative Development Authority ("CDA") as a dispute resolution mechanism thereby ensuring a quick process and a final and binding award.

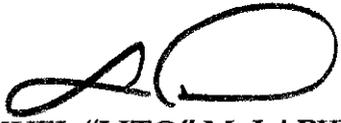
The method of arbitration implemented under the Cooperative Code is in accordance with the Alternative Dispute Resolution Act of 2004 ("ADR Act"). However, unlike the ADR Act where arbitral awards are final, executory, and non-appealable, there is an express provision in the Cooperative Code allowing the appeal of an arbitral award before the Office of the President. This provision prolongs the process of resolution and, as such, runs contrary to both the spirit of cooperativism and the goals of arbitration as a method of dispute resolution.

The present measure proposes the deletion of the appeal process to the Office of the President. This amendment will not prejudice the rights of the disputants because under the ADR Act there is a provision as to the method and grounds for how an arbitral award may be vacated. It should also be kept in mind that the arbitral award at the CDA level should be given great weight considering that the voluntary arbiters are not only the persons familiar with the dispute but they are also the experts in the field of cooperatives. It is these experts who are equipped to

resolve disputes in a manner that will safeguard both the cooperatives' present concern and their long-term interests.

Finally, the proposed amendment does not run contrary to the Chief Executive's power of supervision and control over the CDA. Arbitration and the supervision of voluntary arbiters at the CDA level is not one of the main powers, functions, and responsibilities of the CDA under its Charter. This function is only upon request of affected cooperatives and provided under the Cooperative Code - not under the CDA Charter. Thus the Office of the President's power of supervision and control over the CDA's main duties, as defined under its Charter, is not diminished by this proposed measure.

Hence, the undersigned sponsor urges the passage of the present measure.


MANUEL "LITO" M. LAPID
Senator 

17 **SEC. 2.** The Cooperative Development Authority shall formulate the
18 necessary rules and regulations for the effective implementation of this Act.

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20 **SEC. 3.** If any provision or part of this Act shall be declared invalid or
21 unconstitutional, the remaining parts or provisions not affected shall remain in full
22 force and effect.

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24 **SEC. 4.** All laws, decrees, executive orders, issuances, rules and regulations
25 or parts thereof inconsistent with the provisions of this Act are hereby repealed or
26 modified accordingly.

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28 **SEC. 5.** This Act shall take effect fifteen (15) days after its publication in the
29 Official Gazette or in at least two (2) newspapers of general circulation.

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31 Approved,