

)
)
)

13 JUL -1 AM 1946

SENATE

S.B. No. 89

RECEIVED BY: 

Introduced by Senator Manuel "Lito" M. Lapid

EXPLANATORY NOTE

The ever-developing state of the cooperative sector brings forth the need for adaptive change in the Cooperative Development Authority ("CDA"). The CDA needs a more responsive mandate and a stronger workforce in order to address the needs of the cooperative sector. Thus, there is a need to amend and strengthen Republic Act No. 6939, otherwise known as the "Cooperative Development Authority Charter."

Among the important changes that are envisioned in the proposed amendment of the CDA Charter are the clear definition of the agency's regulatory and supervisory powers; the definition of its developmental functions; and the amendment of the CDA Board's composition.

The cooperative sector is an important agent in the Philippines because it empowers individuals and small-scale players to participate in the present market. The spirit of cooperativism unites like-minded and similarly-situated individuals giving them the needed momentum for capital and industry growth.

Hence, the undersigned sponsor urges the immediate passage of the proposed measure.


MANUEL "LITO" M. LAPID
Senator 

)
)
)



SENATE

'13 JUL -1 A11 :46

S.B. No. 89

RECEIVED BY: *ju*

Introduced by Senator Manuel "Lito" M. Lapid

**"AN ACT REORGANIZING THE COOPERATIVE DEVELOPMENT
AUTHORITY, REPEALING FOR THE PURPOSE REPUBLIC ACT NO. 6939,
CREATING THE COOPERATIVE DEVELOPMENT AUTHORITY"**

1 SECTION 1. **Short Title.** – This Act shall be known as the "**Cooperative**
2 **Development Authority Charter Act.**"

3 SEC. 2. **Declaration of Policy.** – It is hereby declared the policy of the
4 State to promote the viability and growth of cooperatives as instruments of
5 equity, social justice and economic development and to create an agency, in
6 fulfillment of the mandate in Section 15, Article XII of the 1987 Constitution.

7 Toward this end, the State shall recognize cooperatives as associations
8 organized for the economic and social betterment of their members, operating
9 business enterprises based on mutual aid, and founded upon internationally
10 accepted cooperative principles and practices. The State recognizes the
11 Cooperative Development Authority as primarily responsible for the institutional
12 development of cooperatives. Accordingly, the State recognizes the rights of the
13 cooperatives to initiate and foster within their own ranks cooperative promotion,
14 organization, training, information gathering, audit and support services, with
15 government assistance where necessary. In furtherance of this policy, the
16 National Economic and Development Authority shall include the promotion of
17 growth and expansion of cooperatives as major and indispensable components
18 of national development plans.

19 The government and all its branches, subdivisions, instrumentalities and
20 agencies shall ensure the provision of technical guidance, financial assistance
21 and other services to enable the cooperatives to develop into viable and

1 responsive economic enterprises towards a strong cooperative movement free
2 from any condition which infringes upon the objectives and character of
3 cooperatives. The State shall, except as provided in this Act, maintain the policy
4 of non-interference in the management and operation of cooperatives.

5 **SEC. 3. Cooperative Development Authority.** – The Cooperative
6 Development Authority created under Republic Act No. 6939, hereinafter referred
7 to as the Authority, is hereby reorganized to carry out the provisions of this Act
8 and those of Republic Act No. 9520, otherwise known as the “Philippine
9 Cooperative Code of 2008”. The Authority shall have its principal place of
10 business in Metro Manila, and shall maintain offices and branches in such other
11 places as the proper conduct of its business shall require. The Authority shall be
12 an agency attached to the Office of the President for policy and program
13 coordination.

14 **SEC. 4. Powers, Functions and Responsibilities.** – The Authority shall
15 have the following powers and functions:

- 16 a) Exercise supervision and jurisdiction over all types and categories of
17 cooperatives registered with the Authority;
- 18 b) Register all types of cooperatives including amendments to its by-laws;
19 division, merger, consolidation, dissolution and liquidation of cooperatives
20 as well as the transfer of all or substantially all of their assets and
21 liabilities;
- 22 c) Order the cancellation or revocation of the Certificate of Registration after
23 due notice and hearing pursuant to Articles 67 & 68 of the Philippine
24 Cooperative Code of 2008 and the by-laws of the cooperative;
- 25 d) Formulate, adopt, and implement integrated plans and programs on
26 cooperative development consistent with the national policy on
27 cooperatives, and establish an integrated framework on cooperative
28 development for all government agencies;

- 1 e) Develop and formulate, in consultation with the cooperative sector, and
2 issue appropriate regulations, standards, rules, orders, guidelines and/or
3 circulars to implement the Cooperative Code to ensure the sound
4 operation of cooperatives;
- 5 f) Establish a consultative mechanism in order to provide the cooperative
6 sector a system for maximum participation on matters of government
7 plans, projects and policies related to cooperatives.

8 The cooperative sector shall undertake the organization/streamlining or
9 rationalization of an apex body, representing all types and categories of
10 cooperatives under the Philippine Cooperative Code of 2008, which shall function
11 as the overall consultative and coordinating body with the Authority.

12 The Authority, in consultation with the cooperative sector, shall promulgate
13 the guidelines for the implementation of the consultative mechanism;

- 14 g) Establish, operate and maintain an institute to enhance the knowledge
15 and technical skills of the Authority and cooperatives;
- 16 h) Require the submission of annual reports, audited financial statements,
17 and such reports in compliance with the Philippine Cooperative Code of
18 2008, in such forms as may be prescribed by the Authority;
- 19 i) Conduct regular inspection or examination of a cooperative in accordance
20 with rules and regulations promulgated by the Authority and when deemed
21 necessary, conduct a special inspection and investigation to protect the
22 interest and welfare of the members of cooperatives. However, the
23 Authority may delegate this power to accredited federations and unions in
24 accordance with the Philippine Cooperative Code of 2008 and the
25 implementing rules and regulations issued for this purpose;
- 26 j) Compel the cooperative to call a General Assembly under the supervision
27 of the Authority, subject to the criteria or condition/s to be defined in the
28 implementing rules and regulations issued for this purpose;

1 In case a cooperative fails to call and conduct a General Assembly,
2 the Authority shall, on its own, call a general assembly meeting to address
3 and settle the issues. The Authority may enlist the aid and support of
4 and/or deputize any and all enforcement agencies of the government and
5 federations and unions for the implementation of its orders;

6 k) Impose sanctions for non-compliance with lawful orders, rules and
7 regulations of the Authority, including the Articles of Cooperation and the
8 By-Laws of the cooperative subject to conditions as defined in the
9 implementing rules and regulations of this Act;

10 l) Collect reasonable fees, fines or charges in the performance of its
11 registration and regulatory functions;

12 m) Establish and strengthen extension offices in all political and
13 administrative regions in the country and such other places as may be
14 determined by the Authority;

15 n) Hear, decide and settle disputes between and among members, officers,
16 and directors of cooperatives, and between and among cooperatives in
17 accordance with Article 137 of the Philippine Cooperative Code of 2008;

18 o) Implement and enforce its decision with the assistance of deputized law
19 enforcement agencies or the local government unit concerned as may be
20 necessary; and

21 p) Exercise such other powers and functions as may be necessary to
22 implement the provisions of the Philippine Cooperative Code of 2008.

23 **SEC. 5. *Organizational Structure.*** – The Authority shall have a Board of
24 Directors and an Office of the Administrator.

25 The Board of Directors, hereinafter referred to as the Board, shall be the
26 collegial policy-making body of the Authority which shall be composed of the
27 Chairperson and six (6) members of the Board of Directors, all of whom shall be
28 chosen from among the nominees of the cooperative sector, with two (2)
29 representatives each from Luzon, Visayas and Mindanao. They shall be

1 appointed by the President of the Philippines and shall serve for a term of six (6)
2 years without reappointment. Except for the Chairperson, the Members of the
3 Board shall serve on a part-time basis only: Provided, That any vacancy in the
4 Board shall be filled-up by appointment of the President in accordance with the
5 provisions of this section: Provided, further, That a member so appointed shall
6 serve only for the unexpired term: Provided, finally, That the incumbent
7 Chairperson and members of the Board shall continue to serve and act as
8 chairperson and members of the present Board up to the end of their term under
9 Republic Act No. 6939.

10 Except for the Chairperson, the members of the Board shall be entitled to per
11 diem and actual travel expenses.

12 The Office of the Administrator shall be headed by the Chairperson of the
13 Board who shall exercise over-all supervision on the operations of the Authority.

14 **SEC. 6. Powers and Functions of the Board.** – The Board as the policy
15 making body shall have the following powers and functions:

- 16 a) Formulate policies, rules and regulations consistent with the provisions of
17 the Philippine Cooperative Code of 2008;
- 18 b) Adopt implementing rules and regulations for the conduct of the internal
19 operations of the Authority;
- 20 c) Organize the operating structure and functions of the Authority. No
21 changes in the approved organizational structure shall be effected without
22 the approval of the Board; and
- 23 d) Approve and adopt the annual budget of the Authority.

24 **SEC. 7. Qualifications of Members of the Board.** – The Chairperson or a
25 Member of the Board who shall be appointed must possess the following
26 qualifications:

- 27 a) Must not be more than sixty (60) years old at the time of the appointment
28 and must be in good health;
- 29 b) A natural born Filipino citizen;

- 1 c) A holder of at least a bachelor's degree and five (5) years of experience as
2 an official or officer of a cooperative, government agency, or non-
3 government organization engaged in cooperative development or, in the
4 absence of the bachelor's degree, at least seven (7) years of experience in
5 cooperatives either as an officer of a cooperative or a government agency
6 or non-government organization engaged in cooperative development;
- 7 d) Except the Chairperson who should be a resident of the Philippines, the
8 other Members of the Board must be a resident of the region represented
9 for at least five (5) years; and
- 10 e) Must be recommended and endorsed by a federation and/or union of
11 cooperatives operating in good standing under the provisions of this Act and
12 the Philippine Cooperative Code of 2008.

13 Any person appointed as Chairperson or regular member of the Board
14 shall, upon appointment, divest himself of any direct or indirect pecuniary interest
15 or dealings with any cooperative.

16 **SEC. 8. *Removal of a Member of the Board.*** – The President of the
17 Philippines may remove any member of the Board for any of the following
18 reasons:

- 19 a) If the member is subsequently disqualified under the provisions of
20 this Act;
- 21 b) If the member becomes physically or mentally incapacitated to
22 properly discharge the duties and responsibilities of the position
23 and such incapacity has lasted more than six (6) months; and
- 24 c) If the member is guilty of acts or omissions which are fraudulent or
25 illegal in character or which are manifestly opposed to the aims,
26 objectives and interests of the Authority and the cooperative sector.

27 **SEC. 9. *Meetings of the Board.*** – The Board shall meet at least once a
28 month for the transaction of its regular business. Special meetings may be called
29 by the chairperson or majority of the members to consider specific matters. A

1 majority vote by the entire Board of Directors shall be required for a decision. All
2 regular and special meetings of the Board shall be held at the head office in
3 Metro Manila.

4 **SEC. 10. Administrator.** – The Chairperson shall be the Administrator of
5 the Authority and shall have the rank and privileges of an Undersecretary. The
6 Administrator shall be assisted by five (5) directors who will be assigned to the
7 following specific concerns:

- 8 a. Support Services;
- 9 b. Institutional Development;
- 10 c. Legal Affairs & Registration;
- 11 d. Supervision and Examination; and
- 12 e. Field Operations

13 In the absence of the Administrator, the Board shall appoint from among
14 the five (5) the Officer-In-Charge of the Authority who shall exercise the powers
15 and duties of the administrator.

16 **SEC. 11. Powers and Functions of the Administrator.** – The
17 Administrator of the Authority shall have the following powers and functions:

- 18 a) Preside over the meetings of the Board;
- 19 b) Supervise the over-all operations of the Authority;
- 20 c) Prepare, consolidate and submit periodic reports for the
21 consideration of the Board;
- 22 d) Implement a human resource management system consistent with
23 the Civil Service Code that will promote professionalism and
24 excellence in accordance with sound principles of management;
- 25 e) Prepare the proposed annual and supplemental budgets of the
26 Authority for the consideration and approval of the Board;
- 27 f) Report to the President of the Philippines and Congress on the
28 performance and accomplishment of the Authority on a periodic
29 basis;

- 1 g) Represent the Authority in all undertakings where its presence is
2 required; and
3 h) Perform such other functions as may be required by law.

4 SEC. 12. **Deputy Administrators.** – The Board shall appoint the deputy
5 administrators in accordance with the Civil Service Laws and must possess the
6 following qualifications:

- 7 a) A natural-born Filipino citizen;
8 b) Must not be more than 60 years old at the time of the appointment
9 and must be in good health;
10 c) A holder of a bachelor's degree and five (5) years of experience as
11 an official or officer of a cooperative, government agency, or non-
12 government organization engaged in cooperative development; and
13 d) A career executive service officer.

14 SEC. 13. **Power to Register Cooperatives.** – The power to register
15 cooperatives shall be vested solely on the Authority pursuant to the provisions of
16 the Philippine Cooperative Code of 2008.

17 All cooperatives duly registered with the Authority shall present their
18 Certificate of Registration to the nearest Bureau of Internal Revenue office and
19 the latter shall within ten (10) days issue the Certificate of Tax Exemption.

20 Any provision of law, executive order, rule or regulation to the contrary
21 notwithstanding, the certificate of registration issued by the Authority to a duly
22 registered cooperative shall ipso facto constitute as the sole legal basis or
23 requirement for the full enjoyment of the tax exemption granted under Articles 60
24 and 61 of the Philippine Cooperative Code of 2008. Any public official or
25 employee who violates or in any manner circumvents this provision shall be dealt
26 with under Article 140 of Philippine Cooperative Code of 2008. The Authority
27 shall cite this provision in the certificate of registration.

28 SEC. 14. **Prohibition.** – Except as provided for under Article 130 of the
29 Philippine Cooperative Code of 2008, the use of the word “cooperative” by any

1 person or organization unless duly registered with the Cooperative Development
2 Authority shall be prohibited and shall be penalized under Article 140 of the
3 Philippine Cooperative Code of 2008.

4 **SEC. 15. *Settlement of Disputes.*** – Disputes within or between
5 cooperatives, or disputes within or between federations or unions shall be
6 mediated, conciliated or settled in accordance with this Act, Article 137 of the
7 Philippine Cooperative Code of 2008 and its implementing rules and regulations
8 or Republic Act No. 9285, otherwise known as the Alternative Dispute Resolution
9 Act of 2004.

10 **SEC. 16. *Cooperatives in the Education System.*** – The history,
11 philosophy, concepts, values, principles and practices of cooperatives and their
12 role as a factor in the national economy shall be disseminated both in formal and
13 non-formal education.

14 Notwithstanding existing laws, memorandum orders and directives,
15 cooperatives development and administration as a field of study may be offered
16 as a baccalaureate, post baccalaureate or masteral program in state universities
17 and colleges (SUCs) in accordance with the standards, rules and regulations
18 promulgated by their respective Board of Regents, the Commission on Higher
19 Education (CHED) or the Authority in consultation with the cooperative sector as
20 necessary: Provided, That SUCs shall provide for equivalency credit and
21 accreditation of work experiences and non-formal education and training of
22 cooperative leaders, managers and members: Provided further, That in cases
23 where the SUCs do not offer a separate academic program in cooperatives
24 development and administration, the SUCs shall be encouraged to include a 3-
25 unit subject in the curricula of accountancy, agribusiness, agriculture, agricultural
26 economics, business, community development, economics, education, forestry,
27 social sciences, and other curricula that can be instrumental in the development
28 of cooperatives. Special incentives including scholarships shall be formulated by

1 the Authority for students taking up degree courses on cooperatives development
2 and administration.

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

11 Upon request of cooperatives, State colleges and universities shall
12 provide technical assistance and guidance to cooperatives in the communities
13 where they are located.

14 **SEC. 17. *Cooperatives in the Banking System.*** – The promotion and
15 development of cooperative banks as part of the banking system and of financial
16 service cooperatives as defined in the Philippine Cooperative Code of 2008 shall
17 be a major concern of the Authority which shall undertake the necessary program
18 towards this end in collaboration with the Bangko Sentral ng Pilipinas (BSP) and
19 the cooperative sector concerned.

20 **SEC. 18. *Cooperatives Engaged in Services Covered by Other Laws.***
21 – Registered cooperatives may engage in business endeavors in accordance
22 with its approved articles of cooperation provided they acquire the necessary
23 licenses, franchises, certificates of authority and permits from the appropriate
24 agencies governing their type of cooperatives such as those providing manpower
25 services, construction services, professional services, health care services,
26 security services, social welfare services, research development, related health
27 services, ecological and environmental services, farmers and fisherfolk
28 cooperatives and services to indigenous cultural minorities.

1 **SEC. 19. *Reorganization of the Authority.*** – The Authority shall be
2 reorganized within one hundred twenty (120) days from the effectivity of this Act.

3 **SEC. 20. *Transitory Provisions.*** – Upon the effectivity of this Act, the
4 personnel of the Cooperative Development Authority shall, unless removed for
5 cause and after due process, continue to perform their duties and responsibilities
6 and shall receive their corresponding salaries and benefits.

7 In the reorganization and staffing of the Authority, these personnel shall be given
8 preference subject to civil service rules and regulation and rules of the
9 Classification Compensation Bureau of the Department of Budget and
10 Management (DBM); Provided, that those who shall not be absorbed by the
11 organization shall be given separation pay computed at 1.5 months' salary for
12 every year of service. The fraction of six months shall be considered as one (1)
13 year in computing years of service for severance pay and whatever applicable
14 retirement benefit under existing laws.

15 **SEC. 21. *Appropriations.*** – The amount necessary for the
16 implementation of this Act shall be included in the annual General Appropriations
17 Act.

18 **SEC. 22. *Transfer of Funds and Programs.*** - The Cooperative
19 Development Loan Fund and the Fund for Management Training and Assistance
20 Program created under Presidential Decree No. 175, as amended, and the
21 Cooperative Marketing Project created under loan agreements, all granted to the
22 Department of Agriculture, is hereby transferred to the Authority which shall be
23 used for the development and strengthening of cooperatives.

24 **SEC. 23. *Joint Congressional Oversight Committee on Cooperatives***
25 ***(JCOCC).*** – The Joint Congressional Oversight Committee created under Article
26 138 of Philippine Cooperative Code of 2008 shall review and monitor the
27 implementation of this Act.

28 **SEC. 24. *Implementing Rules and Regulations.*** – The Board shall, in
29 consultation with the cooperative sector, formulate the implementing rules and

1 regulations for the effective implementation of the provisions of this Act. The
2 implementing rules and regulations shall take effect within fifteen (15) days after
3 publication in the Official Gazette or in two (2) newspapers of general circulation.
4 All subsequent amendments to the implementing rules and regulations shall also
5 be published before taking effect.

6 **SEC. 25. *Information Campaign.*** – The Cooperative Development
7 Authority is mandated to conduct an information campaign for six (6) months on
8 the provisions of this Act from its effectivity.

9 **SEC. 26. *Repealing Clause.*** – Republic Act No. 6939, creating the
10 Cooperative Development Authority, is hereby repealed. All other laws, decrees,
11 executive orders, rules and regulations or parts thereof inconsistent with the
12 provisions of this Act are hereby amended or modified accordingly.

13 **SEC. 27. *Separability Clause.*** – If for any cause, any part of this Act is
14 declared unconstitutional, the rest of the provisions shall remain in force and
15 effect.

16 **SEC. 28. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days
17 after its publication in the Official Gazette or in at least two (2) national
18 newspapers of general circulation.

Approved,