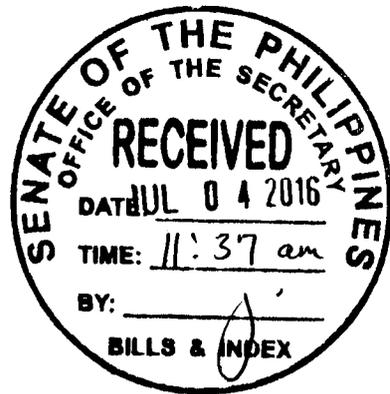


SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

SENATE

S.B. No. 305



Introduced by Sen. Juan Miguel F. Zubiri

EXPLANATORY NOTE

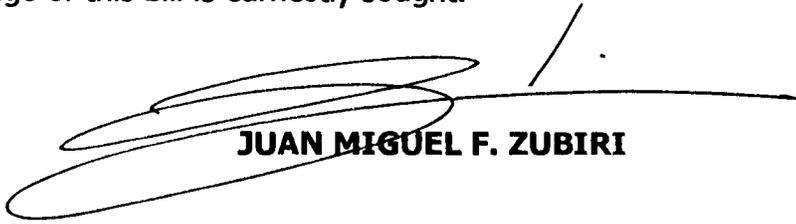
Cooperatives serve as the fundamental driving force in stirring national development. They are autonomous associations of people that help improve the lives of their members who mostly come from rural areas. These cooperatives help fill the gap between local governments and *grassroot* communities by providing basic services or products to its members and the public in general.

Section 15, Article XII of the Constitution asserts that it is the policy of the State to promote the viability and growth of cooperatives as instruments of equity, social justice and economic development and that an agency shall be created to fulfill this mandate.

The dynamic nature of the cooperative sector calls for a government bureau that shall serve as a highly operative avenue in addressing its evolving requirements. This proposed measure, therefore, seeks to upgrade the capabilities of the Cooperative Development Authority (CDA) by updating its charter and giving it a more active and responsive mandate. It further allows the CDA to have a stronger and better-trained workforce that will be competent to address and serve the diverse needs of the cooperatives nationwide.

In 2009, after almost 2 decades since 1990, the old Cooperative Code of the Philippines under RA 6938, the twin law of RA 6939 - the CDA Charter, was overhauled into a more progressive Philippine Cooperative Code of 2008 under RA 9520 in order to effect a national policy that is more attuned with the needs of the entire cooperative sector. It is, therefore, imperative that the more than 25 year-old CDA Charter must also undergo the necessary process of change to make it a more relevant arm of the government and partner of its people in development.

In view of the foregoing, early passage of this bill is earnestly sought.

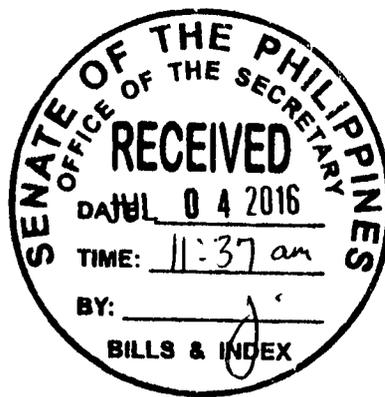


JUAN MIGUEL F. ZUBIRI

SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

SENATE

S.B. No. 305



Introduced by Sen. Juan Miguel F. Zubiri

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

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

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 equity,
5 social justice and economic development and to create an agency, in fulfillment of the
6 mandate in Section 15, Article XII of the 1987 Constitution.

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

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

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

5 **SEC. 3. Cooperative Development Authority.** – The Cooperative Development
6 Authority (CDA) created under Republic Act No. 6939, hereinafter referred to as the
7 Authority, is hereby reorganized to carry out the provisions of this Act and those of
8 Republic Act No. 9520, otherwise known as the “Philippine Cooperative Code of 2008”.

9 The Authority shall have its principal place of business in Metro Manila, and shall
10 maintain offices and branches in such other places as the proper conduct of its business
11 shall require.

12 The Authority shall be an agency attached to the Office of the President
13 for policy and program coordination.

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

16 a) Exercise supervision and jurisdiction over all types and categories of cooperatives
17 registered with the Authority;

18 b) Register all types of cooperatives including amendments to its by-laws; division,
19 merger, consolidation, dissolution and liquidation of cooperatives as well as the transfer
20 of all or substantially all of their assets and liabilities;

21 c) Order the suspension, cancellation or revocation of the Certificate of Registration
22 after due notice and hearing pursuant to Articles 67 & 68 of the Philippine Cooperative
23 Code of 2008 and the by-laws of the cooperative;

24 d) Formulate, adopt, and implement integrated plans and programs on cooperative
25 development consistent with the national policy on cooperatives, and establish an
26 integrated framework on cooperative development for all government agencies;

- 1 e) Formulate, adopt and implement, in a manner consistent with Sec. 16 hereof, a
2 standard of training for cooperative officers or members which shall focus on basic
3 cooperative principles and values, business management and conflict management;
- 4 f) Develop and formulate, in consultation with the cooperative sector, appropriate
5 regulations, standards, rules, orders, guidelines and/or circulars to implement the
6 Cooperative Code of 2008 to ensure the sound operation of cooperatives;
- 7 g) Establish a consultative mechanism in order to provide the cooperative sector a
8 system for maximum participation on matters of government plans, projects and
9 policies related to cooperatives.
- 10 The cooperative sector shall undertake the organization/streamlining or rationalization
11 of an apex body, representing all types and categories of cooperatives under the
12 Philippine Cooperative Code of 2008, which shall function as the overall consultative
13 and coordinating body with the Authority.
- 14 The Authority, in consultation with the cooperative sector, shall promulgate the
15 guidelines for the implementation of the consultative mechanism;
- 16 h) Establish and maintain a continuing educational and capability-building program
17 for the authority;
- 18 i) Require the submission of annual reports, audited financial statements, and such
19 reports in compliance with the Philippine Cooperative Code of 2008, in such forms as
20 may be prescribed by the Authority;
- 21 j) Conduct regular inspection or examination of a cooperative in accordance with
22 the rules and regulations promulgated by the Authority and, when deemed necessary,
23 conduct a special inspection and investigation to protect the interest and welfare of the
24 members of cooperatives. The Authority, however, may delegate this power to
25 accredited federations and unions in accordance with the Philippine Cooperative Code of
26 2008 and the implementing rules and regulations issued for this purpose;
- 27 k) Compel the cooperative to call a general assembly under the supervision of the
28 Authority, subject to the criteria or condition/s to be defined in the implementing rules
29 and regulations issued for this purpose.

- 1 In case a cooperative fails to call and conduct a general assembly, the Authority shall,
2 on its own, call a general assembly meeting to address and settle issues. The Authority
3 may enlist the aid and support of and/or deputize any and all enforcement agencies of
4 the government and federations and unions for the implementation of its orders;
- 5 l) Impose sanctions for non-compliance with lawful orders, rules and regulations of
6 the Authority, including the Articles of Cooperation and By-Laws of the cooperative
7 subject to conditions as defined in the implementing rules and regulations of this Act;
- 8 m) Collect reasonable fees, fines or charges in the performance of its registration
9 and regulatory functions;
- 10 n) Establish offices in areas as may be determined by the Authority;
- 11 o) Adopt and implement a dispute resolution mechanism that will settle conflicts
12 between and among members, officers, and directors of cooperatives, and between and
13 among cooperatives in accordance with Article 137 of Republic Act 9520, the Philippine
14 Cooperative Code of 2008, and Republic Act No. 9285, the Alternative Dispute
15 Resolution Act of 2004;
- 16 p) Implement and enforce its decision with the assistance of deputized law
17 enforcement agencies or the local government unit concerned as may be necessary;
18 and
- 19 q) Exercise such other powers and functions as may be necessary to implement the
20 provisions of the Philippine Cooperative Code of 2008.

21 **SEC. 5. Board of Directors.** – The Authority shall have a Board of Directors, which
22 shall be the collegial policy-making body of the Authority. It shall be composed of the
23 Chairperson and six (6) members of the Board of Directors, all of whom shall be chosen
24 from among the nominees of the cooperative sector, with two (2) representatives each
25 from the regions of Luzon, Visayas and Mindanao. They shall be appointed by the
26 President of the Philippines and shall serve for a term of six (6) years without
27 reappointment. Except for the Chairperson, the Members of the Board shall serve on a
28 part-time basis only and shall be entitled to honoraria and actual travel expenses.

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

- 1 a) Formulate policies, rules and regulations consistent with the provisions of the
2 Philippine Cooperative Code of 2008 and this Act;
- 3 b) Adopt implementing rules and regulations for the conduct of the internal
4 operations of the Authority;
- 5 c) Organize the operating structure and functions of the Authority. No changes in
6 the approved organizational structure shall be effected without the approval of the
7 Board; and
- 8 d) Approve and adopt the annual budget of the Authority.

9 **SEC. 7. Qualifications of the Chairperson and the Members of the**
10 **Board.** – The Chairperson and the Members of the Board must possess the following
11 qualifications:

- 12 a) A natural born Filipino citizen;
- 13 b) A holder of any bachelor's degree with five (5) years of experience as an officer
14 of a cooperative, a government agency, or a non-government organization engaged in
15 cooperative development, or a person with at least seven (7) years of experience in
16 cooperatives preferably with background in the areas of agriculture, finance, business
17 and social science such as economics, sociology, management and law; and
- 18 c) The Chairperson should be a resident of the Philippines, while, the Members of
19 the Board must be *bona fide* residents of the regions they represent for at least five (5)
20 years prior to appointment.

21 Any person appointed as Chairperson or Member of the Board shall, upon appointment,
22 divest himself of any direct or indirect pecuniary interest or dealings with any
23 cooperative.

24 **SEC. 8. Removal from Office.** – The Chairperson and the Members of the Board
25 may be removed from office for cause.

4

26 All vacancies in the Board shall be filled up for the unexpired term only: *Provided*, That
27 any person who shall be appointed in this manner shall not be eligible for
28 reappointment.

1 **SEC. 9. Meetings of the Board.** – The Board shall meet at least once a month for the
2 transaction of its regular business. Under exceptional circumstances, special meetings
3 may be called by the Chairperson or majority of the members to discuss and decide
4 urgent matters. A majority vote by the entire Board of Directors shall be required for a
5 decision. The Chairperson shall only vote in case of a tie.

6 The meeting shall be presided by the Chairperson. However, in the
7 absence of the Chairperson, the Board shall elect from among themselves an acting
8 presiding officer.

9 All regular and special meetings of the Board shall be held at the head office in Metro
10 Manila or in any other place as may be determined by the Board.

11 **SEC. 10. Office of the Administrator.** – The Chairperson shall be the Administrator
12 of the Authority and shall have the rank and privileges of an Undersecretary. The
13 Administrator shall execute and administer the policies, decisions, orders and
14 resolutions approved by the Board and shall have the general executive direction and
15 supervision of the work and operation of the Authority.

16 Four (4) Deputy Administrators shall assist the Administrator who will be assigned to
17 the following specific concerns:

- 18 a. Support Services;
- 19 b. Institutional Development;
- 20 c. Legal Affairs & Registration; and
- 21 d. Supervision, Examination and Field Operations.

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

- 24 a) Prepare, consolidate and submit periodic reports for the consideration of the
25 Board;
- 26 b) Implement a human resource management system consistent with the Civil
27 Service Code that will promote professionalism and excellence in accordance with sound
28 principles of management;
- 29 c) Prepare the proposed annual and supplemental budgets of the Authority for the
30 consideration and approval of the Board;

- 1 d) Report to the President of the Philippines and Congress on the performance and
- 2 accomplishment of the Authority on a periodic basis;
- 3 e) Represent the Authority in all undertakings where its presence is required; and
- 4 f) Perform such other functions as may be required by law.

5 **SEC. 12. *Registration for Tax Exemption.*** – The Authority shall furnish the Bureau
6 of Internal Revenue (BIR), local government units and other concerned agencies a
7 certified list of duly registered cooperatives for purposes of tax exemptions.

8 The certificate of registration issued to a duly registered cooperative, as validated in the
9 certified list submitted by the Authority, shall *ipso facto* constitute as the sole legal basis
10 or requirement for the full enjoyment of the tax exemption and other incentives granted
11 under the Philippine Cooperative Code of 2008, notwithstanding any provision of law,
12 executive order, rule or regulation to the contrary.

13 Any public official or employee who violates or in any manner circumvents this provision
14 shall be dealt with in accordance with Article 140 of the Philippine Cooperative Code of
15 2008.

16 **SEC. 13. *Prohibition.*** – Except as provided for under Article 130 of the Philippine
17 Cooperative Code of 2008, the use by any person or organization of the word
18 “cooperative” in their business name, unless duly registered with the Authority, shall be
19 prohibited and shall be penalized under Article 140 of the Philippine Cooperative Code
20 of 2008.

21 **SEC. 14. *Settlement of Disputes.*** – As far as practicable, disputes between and
22 among members, officers, and directors of cooperatives, and between and among
23 cooperatives shall be settled in accordance with Article 137 of Republic Act 9520, the
24 Philippine Cooperative Code of 2008, and Republic Act No. 9285, the Alternative Dispute
25 Resolution Act of 2004.

26 **SEC. 15. *Cooperative Officers Training Standards.*** - The Authority, in coordination
27 with the Development Academy of the Philippines (DAP) and other higher learning and
28 training institutions, and in consultation with the cooperative sector, shall formulate a
29 standard of training requirements for cooperative officers and members: *Provided*, That
30 the training requirements shall be optional for cooperative members. The Authority shall

1 likewise formulate a system of recognition and accreditation of units or equivalent
2 training that an officer has undertaken through formal or non-formal education.

3 The Authority may accredit organizations other than cooperatives but duly registered
4 under Philippine laws and engaged in cooperative promotion, organization, research
5 and education, as non-academic training institutions. The training courses offered by
6 them may be eligible as credits for purposes of academic, professional and career
7 advancements of their trainees.

8 Upon request of cooperatives, State colleges and universities (SUCs) shall provide
9 technical assistance and guidance to cooperatives in the communities where they are
10 located. The SUCs may tap the support and participation of unions and federations of
11 cooperatives in the implementation of this provision.

12 **SEC. 16. *Cooperativism in the Education System.*** – The history,
13 philosophy, concepts, values, principles and practices of cooperatives and their role in
14 nation building shall be disseminated both in formal and non-formal education.

15 Notwithstanding existing laws, memorandum orders and directives, cooperativism, as a
16 tool for self-empowerment and nation building, shall be included in the curricula of
17 senior students in all the secondary educational institutions.

18 Cooperatives development and administration may be offered as a field of study in the
19 baccalaureate, post baccalaureate or masteral programs in SUCs: *Provided,* That in
20 cases where the SUCs do not offer a separate academic program in cooperatives
21 development and administration, the SUCs shall be encouraged to include a 3-unit
22 subject in the curricula of accountancy, agribusiness, agriculture, agricultural
23 economics, business, community development, economics, education, forestry, social
24 sciences, and other curricula that can be instrumental in the development of
25 cooperatives.

26 **SEC. 17. *Cooperatives in the Agriculture Sector.*** – The promotion and
27 development of agricultural cooperatives, in coordination with the Department of
28 Agriculture (DA) and the Department of Agrarian Reform (DAR), shall be a major
29 concern of the Authority to ensure food security and reduce rural poverty.

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

7 **SEC. 19. *Cooperatives Engaged in Services Covered by Other Laws.*** –
8 Registered cooperatives shall secure the necessary licenses, franchises, certificate of
9 authority and permits from other appropriate agencies with jurisdiction over their
10 activities, if required by other existing laws, rules and regulations.

11 **SEC. 20. *Reorganization of the Authority.*** – The Authority shall be reorganized
12 within one hundred twenty (120) days from the effectivity of this Act.

13 **SEC. 21. *Transitory Provisions.*** – Upon the effectivity of this Act, the personnel of
14 the Authority shall, unless removed for cause and after due process, continue to
15 perform their duties and responsibilities and shall receive their corresponding salaries
16 and benefits.

17 In the reorganization and staffing of the Authority, these personnel shall be given
18 preference subject to civil service rules and regulations and the rules of the
19 Classification Compensation Bureau of the Department of Budget and Management
20 (DBM): *Provided*, That those who shall not be absorbed by the organization shall be
21 given separation/severance pay in accordance with existing rules or regulations.

22 The incumbent Chairperson and Administrators shall continue to serve and act as
23 Chairperson and Members of the Board up to the end of their term under Republic Act
24 No. 6939.

25 **SEC. 22. *Appropriations.*** – The amount necessary for the implementation of this
26 Act shall be included in the annual General Appropriations Act.

27 **SEC. 23. *Transfer of Funds and Programs.*** – The Cooperative Development Loan
28 Fund and the Fund for Management Training and Assistance Program created under
29 Presidential Decree No. 175, as amended, and the Cooperative Marketing Project

1 created under loan agreements, all granted to the DA, is hereby transferred to the
2 Authority which shall be used for the development and strengthening of cooperatives.

3 **SEC. 24. *Joint Congressional Oversight Committee on Cooperatives (JCOCC).***

4 – The Joint Congressional Oversight Committee created under Article 138 of the
5 Philippine Cooperative Code of 2008 shall review and monitor the implementation of
6 this Act.

7 **SEC. 25. *Implementing Rules and Regulations.*** – The Board shall, in consultation

8 with the cooperative sector and other concerned government agencies, formulate the
9 implementing rules and regulations for the effective implementation of the provisions of
10 this Act. The implementing rules and regulations shall take effect within fifteen (15)
11 days after publication in the Official Gazette or in two (2) newspapers of general
12 circulation. All subsequent amendments to the implementing rules and regulations shall
13 also be published before taking effect.

14 **SEC. 26. *Information Campaign.*** – The Authority is mandated to conduct a massive

15 information campaign on the provisions of this Act upon its effectivity.

16 **SEC. 27. *Repealing Clause.*** – Republic Act No. 6939, creating the Cooperative

17 Development Authority, is hereby repealed. All other laws, decrees, executive orders,
18 rules and regulations or parts thereof inconsistent with the provisions of this Act are
19 hereby amended or modified accordingly.

20 **SEC. 28. *Separability Clause.*** – If for any cause, any part of this Act is declared

21 unconstitutional, the rest of the provisions shall remain in full force and effect.

22 **SEC. 29. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its

23 complete publication in the Official Gazette or in at least two (2) newspapers of general
24 circulation.

25 ***Approved,***