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SENATE
S. B. No. 1934

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Introduced by Senator SONNY ANGARA

AN ACT
REFORMING AND STRENGTHENING THE COOPERATIVE DEVELOPMENT
AUTHORITY, REPEALING FOR THE PURPOSE REPUBLIC ACT NO. 6939,
CREATING THE COOPERATIVE DEVELOPMENT AUTHORITY AND
APPROPRIATING FUNDS THEREFOR

EXPLANATORY NOTE

Twenty eight years ago, the crafters of Republic Act No. 6939—which established the Cooperative Development Authority (CDA)—saw the potential of cooperatives to uplift Filipino lives and promote social justice, equity, and economic development especially in rural areas. With the creation of the CDA, cooperatives around the country had a government arm to guide and push for their advancement.

Now, the CDA has over 26,000 registered cooperatives nationwide under its wing. This translates to around 14 million individual members—of varied professions, careers and social status—contributing up to P6.4 billion in tax revenues to government.¹ It is only fitting, as we keep on with the objective of further empowering the sector, that we also institute positive reforms to the authority tasked to promote their growth and development.

Through this measure, the CDA will be strengthened to carry out the provisions of Republic Act No. 9520 or the Philippine Cooperative Code of 2008. The Cooperative Development Academy of the Philippines (CDAP) will also be created to

¹ Cooperatives as 'catalyst of change'. <http://www.manilatimes.net/cooperatives-catalyst-change/316279/>

offer formal and non-formal programs on cooperatives as well as formulate a standard of training requirements for cooperative officers and members.

To highlight the importance of the sector and incentivize the youth to participate in the sector, "cooperativism" shall also be included in the curricula of senior students in all the secondary educational institutions. Furthermore, cooperativism shall also be offered as a degree program or a subject in programs related to the sector.

Finally, this measure will establish a fund within the CDA which shall be used for development programs, projects, and activities of cooperatives, as well as for disaster risk management activities, disaster rehabilitation and recovery, and post-disaster activities.

In keeping up with the Constitutional mandate to promote the viability and growth of cooperatives as instruments of equity, social justice and economic development, the passage of this bill is earnestly sought.



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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 Reform Act of 2018.*"

3 Sec. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to
4 promote the viability and growth of cooperatives as instruments of equity, social
5 justice and economic development and to create an agency, in fulfillment of the
6 mandate in Section 1 (paragraph 3) and Section 15, Article XII of the Constitution.

7 Toward this end, the State shall recognize cooperatives as organizations for
8 the economic and social betterment of their members, operating business
9 enterprises based on mutual cooperation, and founded upon internationally accepted
10 cooperative principles and practices.

11 In furtherance of this policy, the National Economic and Development
12 Authority (NEDA) shall include the promotion of growth and expansion of
13 cooperatives as a major and indispensable component of national development
14 plans. All departments, branches, political subdivisions and instrumentalities of the
15 Government shall promote the development of cooperatives under their respective
16 programs, projects and activities and provide them with appropriate and suitable
17 incentives.

1 The State further recognizes the Authority as the lead agency responsible for
2 the development and regulation of cooperatives.

3 Government assistance to cooperatives shall be free from restriction and
4 conditionality that may in any manner infringe upon the nature and character of
5 cooperatives as provided in this Act.

6 *Sec. 3. Cooperative Development Authority.* – The Cooperative Development
7 Authority, hereinafter referred to as the Authority, is hereby reformed and
8 strengthened to carry out the provisions of this Act and those of Republic Act No.
9 9520, otherwise known as the "*Philippine Cooperative Code of 2008*".

10 The Authority shall have its national office in Metro Manila, and shall maintain
11 regional, provincial, and field district offices in the case of the NCR and in such
12 places as the proper conduct of its business shall require. The Authority shall be an
13 agency attached to the Office of the President for policy and program coordination.

14 *Sec. 4. Powers, Functions and Responsibilities.* – The Authority shall exercise
15 the following powers, functions and responsibilities:

16 A. Registration.

- 17 1. Register all cooperatives, their division, merger or consolidation, and
18 amendments to the Articles of Cooperation and By-Laws (ACBL);
- 19 2. Authorize the establishment of branches and satellite offices of
20 cooperatives;

21 B. Developmental.

- 22 1. Formulate, adopt, and implement integrated plans, programs and
23 activities on cooperative development consistent with the national
24 socio-economic policy of the government;
- 25 2. Develop and conduct management and training programs that will
26 provide members of cooperatives with the entrepreneurial capabilities,
27 managerial expertise, and technical skills required for the efficient
28 operation of their cooperatives;
- 29 3. Provide technical and professional assistance to ensure the viability and
30 growth of cooperatives giving special concern for agriculture, fishery
31 and economically depressed sectors;

- 1 4. Provide assistance on cooperative product development and facilitate
2 their marketing both in domestic and international market;
- 3 5. Establish a consultative mechanism for the formulation of the Philippine
4 Cooperative Medium Term Development Plan (PCMTDP), the necessary
5 standards, rules or regulations for cooperative governance,
6 management, financial performance, training and education;
- 7 6. Administer all grants and donations exclusively intended for
8 cooperatives coursed through the Authority for cooperative
9 development, without prejudice to the right of cooperatives to directly
10 receive and administer such grants and donations upon agreement
11 with the grantors and donors thereof;
- 12 7. Create or establish a fund for the enterprise development programs,
13 projects and activities of cooperatives;
- 14 8. Establish and operate the Cooperative Academy of the Philippines
15 (CAP) ;
- 16 9. Formulate, adopt and implement an educational and technological
17 exchange programs both in domestic or international levels;
- 18 10. Grant awards, recognition and incentives to cooperatives, partners and
19 leaders;

20 C. Regulation and Monitoring.

- 21 1. Order the cancellation of the Certificate of Registration of cooperatives
22 and/or revocation of the Letter of Authority and/or Certificate of
23 Authority to establish satellite and branch offices, respectively, after
24 due notice and hearing;
- 25 2. Prescribe and collect reasonable fees, fines and charges in the
26 performance of its functions;
- 27 3. To represent the CDA as voting member in the governing board of the
28 Landbank of the Philippines (LBP) and the Development Bank of The
29 Philippines (DBP) to advance cooperative development;
- 30 4. Represent the CDA in the Regional Development Council (RDC) as a
31 regular voting member thereof;

32

1 D. Adjudication.

- 2 1. Exercise quasi-judicial power to adjudicate intra and inter cooperative
3 disputes;
- 4 2. Issue subpoena and summon witnesses to appear in any proceedings
5 of the Authority and in appropriate cases, order the examination of all
6 documents, papers, files and records of any cooperative or person
7 under investigation as may be necessary for the proper disposition of
8 cases before it;
- 9 3. Implement and enforce its decision with the assistance of deputized
10 law enforcement agencies or the local government unit concerned as
11 may be necessary;
- 12 4. Summarily cite for direct contempt any person guilty of misconduct in
13 the presence of the Authority which seriously interrupts any hearing or
14 inquiry and impose a fine of not more than Five Thousand Pesos
15 (P5,000.00) or imprisonment of not more than ten (10) days, or both.
16 Acts constituting indirect contempt as defined under Rule 71 of the
17 Rules of Court shall be punished in accordance with the said Rule;
- 18 5. Mediate and conciliate disputes within a cooperative or between
19 cooperatives upon request of both parties;
- 20 6. Impose sanctions for violations or non-compliance with lawful orders,
21 rules and regulations of the Authority, including the Articles of
22 Cooperative and By-Laws of the cooperative subject to conditions as
23 defined in the implementing rules and regulations of this Act; and

24 E. Such other powers and functions as may be necessary to implement the
25 provisions of cooperative laws and of this charter.

26 Sec. 5. *Governing Body.* – The Authority shall be governed by a Board of
27 Administrators acting as a collegial body. The Board shall consist of a Chairperson as
28 the Chief Executive Officer (CEO) with the rank of a Cabinet Secretary, and six (6)
29 members to be appointed by the President, all of whom shall be chosen from among
30 the nominees of the cooperative sector with two (2) representatives each from
31 Luzon, Visayas and Mindanao: *Provided,* That there shall be at least three (3) female

1 members of the Board. They shall serve for a term of six (6) years without
2 reappointment.

3 The Chairperson and members shall serve on a full-time basis. Any vacancy in
4 the Board shall be filled by appointment by the President in accordance with the
5 membership allocation set forth in this section: However, a member of the Board
6 whose term expires shall continue to serve as such until his/her successor shall be
7 appointed and qualified: *Provided*, That a member so appointed shall serve only for
8 the unexpired term.

9 *Sec. 6. Qualifications of Members of the Governing Board.* – No person shall
10 be appointed Chairperson or member of the Board of Administrators unless he
11 possesses the following qualifications:

- 12 (a) A natural-born Filipino citizen of legal age;
- 13 (b) The Chairperson shall be a holder of Doctorate degree while the members
14 of the Board shall be a holder of Master's degree or its equivalent
15 preferably with dissertation/thesis related to cooperative development;
16 and
- 17 (c) The Chairperson shall be a resident of the Philippines for at least five (5)
18 years, while the members of the Board must be bona fide residents of the
19 regions they represent for at least five (5) years prior to appointment.

20 Any person appointed as Chairperson or member of the Board of
21 Administrators shall divest himself of any direct or indirect pecuniary interest in or
22 dealings with cooperatives upon his appointment.

23 *Sec. 7. Powers and Functions of the Board of Administrators.* – The Board as
24 a collegial body shall be responsible for policy formulation, strategic planning and
25 direction setting of the agency.

26 *Sec. 8. Removal from Office.* – The President of the Philippines or the Civil
27 Service Commission may remove the Chairperson or any member of the Board of
28 Administrators for any of the following reasons:

- 29 (a) Physically or mentally incapacitated to properly discharge the duties and
30 responsibilities of the position and such incapacity has lasted more than
31 six (6) months; and

1 (b) Acts or omissions which are fraudulent or illegal in character or which are
2 manifestly opposed to the aims, objectives and interests of the Authority
3 and the cooperative sector.

4 *Sec. 9. Board of Administrators Meeting.* – The Board shall meet every week
5 for the transaction of its regular business. Special meetings may be called by the
6 Chairperson or majority of the members of the Board to consider urgent matters. A
7 majority vote by the entire Board shall be required for a decision. All regular and
8 special meetings of the Board shall be held at the national office in Metro Manila or
9 in any other place in the Philippines as may be determined by the Board.

10 *Sec. 10. Executive Director.* – The Board of Administrators shall appoint an
11 Executive Director who shall be the Chief Operating Officer (COO) of the Authority.

12 *Sec. 11. Structure of the Authority.* – The Authority shall be comprised of the
13 CDA Board, Department Offices and Extension Offices.

14 *Sec. 12. Department Offices.* – The department offices shall consist of the
15 Legal and Registration Department; Institutional Development Department;
16 Regulation Department; Cooperative Surety Fund Department; General
17 Administrative and Support Services Department; and Information Technology
18 Department.

19 *Sec. 13. Cooperative Officers Training Standards.* – The Authority, in
20 coordination with the Cooperative Development Academy of the Philippines (CDAP)
21 and other higher learning training institutions, and in consultation with the
22 cooperative sector, shall formulate a standard of training requirements for
23 cooperative officers and members: *Provided*, That the training requirements shall be
24 optional for cooperative members.

25 The Authority shall likewise formulate a system of recognition and
26 accreditation of units or equivalent training that an officer has undertaken through
27 formal or non-formal education.

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

1 Upon request of cooperatives, State Universities and Colleges (SUCs) shall
2 provide technical assistance and guidance to cooperatives in the communities where
3 they are located. The SUCs may tap the support and participation of unions and
4 federations of cooperatives in the implementation of this provision.

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

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

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

19 Sec. 15. *Cooperative Development Academy of the Philippines (CDAP).* – The
20 Authority shall create and establish a bureau level Cooperative Academy of the
21 Philippines. The said academy shall offer formal and non-formal programs on
22 cooperatives. In pursuance of the objectives of education and training programs, the
23 Authority shall seek the participation of State Universities and Colleges (SUC's),
24 Technical Education and Skills Development Authority (TESDA), and other
25 government and non-government organizations with education, research and
26 training programs on cooperatives.

27 The Authority may accredit organizations other than cooperatives but duly
28 registered under Philippine laws and engaged in cooperative promotion,
29 organization, research and education, as non-academic training institutions.

30 The training fund of the CDAP shall be sourced from the Cooperative
31 Education and Training Fund (CETF) of all types of cooperatives equivalent to 25%
32 of the allocation.

1 Sec. 16. *Cooperative Enterprise Development Fund (CEDF)*. – There is hereby
2 created a Cooperative Enterprise Development Fund (CEDF) for the enterprise
3 development programs, projects and activities of cooperatives.

4 A. Sources of the Cooperative Enterprise Development Fund (CEDF):

- 5 1. An initial amount of Two Hundred Fifty Million Pesos(250,000,000.00)
6 sourced from the General appropriations fund;
- 7 2. Foreign and Domestic Grants and Donations;
- 8 3. Levies imposed by existing laws for the development of cooperatives;
- 9 and

10 Such other sources as are now provided by existing laws or as may be
11 provided for in the future.

12 Sec. 17. *Administration of Fund*. – The Authority shall have the power to
13 administer the training funds intended for the CDAP as well as the CEDF subject to
14 the rules and regulations prescribed for their utilization.

15 Sec. 18. *Disaster Risk Reduction and Management Fund*. – A fund shall be set
16 aside to support cooperative business continuity management, disaster risk
17 management activities, disaster rehabilitation and recovery and post-disaster
18 activities of the Authority.

19 Sec. 19. *Structure and Staffing Patterns*. – Subject to the approval of the
20 Department of Budget and Management (DBM), the reformed and strengthened CDA
21 shall determine its organizational structure and create such new offices as may
22 herein be required, and shall appoint officers and employees in accordance with the
23 civil service law, rules and regulations.

24 Sec. 20. *Information Campaign*. – The Authority is mandated to conduct a
25 nationwide and extensive information campaign for a period of one (1) year on the
26 provisions of this Act, beginning seventh month from the effectivity of this Act.

27 Sec. 21. *Appropriations*. – The amount needed for the implementation of this
28 Act shall be included in the General Appropriations Act.

29 Sec. 22. *Transitory Provisions*. – All incumbent Members of the Board of
30 Administrators shall serve until the expiration of their terms as provided under
31 Republic Act No. 6939.

1 *Sec. 23. Implementing Rules and Regulations.* – The Authority, in consultation
2 with other government agencies concerned, shall issue within one hundred twenty
3 (120) days from the effectivity of this Act, the rules and regulations for the effective
4 implementation thereof. Such implementing rules and regulations shall take effect
5 within fifteen (15) days after publication thereof in at least two (2) newspapers of
6 general circulation.

7 *Sec. 24. Separability Clause.* – If any provision of this Act shall be declared
8 unconstitutional or invalid, the other provisions not otherwise affected shall remain
9 in full force and effect.

10 *Sec. 25. Repealing Clause.* – Republic Act No. 6939 shall be repealed. All
11 laws, decrees, executive orders, rules and regulations and other issuances or parts
12 thereof which are inconsistent with this Act are hereby repealed, amended or
13 modified accordingly.

14 *Sec. 26. Effectivity.* – This Act shall take effect fifteen (15) days after its
15 publication in at least two (2) newspapers of general circulation.

Approved,