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SENATE
SENATE BILL NO. 2134

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Prepared by the Committees on Cooperatives, Civil Service and Government Reorganization, and Finance with Sens. Lapid and Marcos and the members of the Committees as authors thereof

1 AN ACT
2 REORGANIZING THE COOPERATIVE DEVELOPMENT AUTHORITY, REPEALING FOR THE
3 PURPOSE REPUBLIC ACT NO. 6939, CREATING THE COOPERATIVE DEVELOPMENT
4 AUTHORITY
5

6 *Be it enacted by the Senate and House of Representatives of the Philippines in*
7 *Congress assembled:*
8

9 SECTION 1. **Short Title.** – This Act shall be known as the “Cooperative
10 *Development Authority Charter Act.*”
11

12 SEC. 2. **Declaration of Policy.** – It is hereby declared the policy of the State
13 to promote the viability and growth of cooperatives as instruments of equity,
14 social justice and economic development and to create an agency, in fulfillment
15 of the mandate in Section 15, Article XII of the 1987 Constitution.
16

17 Toward this end, the State shall recognize cooperatives as associations
18 organized for the economic and social betterment of their members, operating
19 business enterprises based on mutual aid, and founded upon internationally
20 accepted cooperative principles and practices. The State recognizes the
21 Cooperative Development Authority as primarily responsible for the institutional
22 development of cooperatives. Accordingly, the State recognizes the rights of the
23 cooperatives to initiate and foster within their own ranks cooperative promotion,
24 organization, training, information gathering, audit and support services, with
25 government assistance where necessary. In furtherance of this policy, the
26 National Economic and Development Authority (NEDA) shall include the

1 promotion of growth and expansion of cooperatives as major and indispensable
2 components of national development plans.

3
4 The government and all its branches, subdivisions, instrumentalities and
5 agencies shall ensure the provision of technical guidance, financial assistance
6 and other services to enable the cooperatives to develop into viable and
7 responsive economic enterprises towards a strong cooperative movement, free
8 from any condition which infringes upon the objectives and character of
9 cooperatives. The State shall, except as provided in this Act, maintain the policy
10 of non-interference in the management and operation of cooperatives.

11
12 **SEC. 3. Cooperative Development Authority.** – The Cooperative
13 Development Authority (CDA) created under Republic Act No. 6939, hereinafter
14 referred to as the Authority, is hereby reorganized to carry out the provisions of this
15 Act and those of Republic Act No. 9520, otherwise known as the "Philippine
16 Cooperative Code of 2008".

17
18 The Authority shall have its principal place of business in Metro Manila, and
19 shall maintain offices and branches in such other places as the proper conduct of
20 its business shall require.

21
22 The Authority shall be an agency attached to the Office of the President
23 for policy and program coordination.

24
25 **SEC. 4. Powers, Functions and Responsibilities.** – The Authority shall have the
26 following powers and functions:

- 27
28 a) Exercise supervision and jurisdiction over all types and categories of
29 cooperatives registered with the Authority;
- 30 b) Register all types of cooperatives including amendments to its by-
31 laws; division, merger, consolidation, dissolution and liquidation of
32 cooperatives as well as the transfer of all or substantially all of their
33 assets and liabilities;

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

5
6 d) Formulate, adopt, and implement integrated plans and programs on
7 cooperative development consistent with the national policy on
8 cooperatives, and establish an integrated framework on cooperative
9 development for all government agencies;

10
11 e) Formulate, adopt and implement, in a manner consistent with Sec.
12 16 hereof, a standard of training for cooperative officers or members
13 which shall focus on basic cooperative principles and values,
14 business management and conflict management;

15
16 f) Develop and formulate, in consultation with the cooperative sector,
17 appropriate regulations, standards, rules, orders, guidelines and/or
18 circulars to implement the Cooperative Code of 2008 to ensure the
19 sound operation of cooperatives;

20
21 g) Establish a consultative mechanism in order to provide the
22 cooperative sector a system for maximum participation on matters of
23 government plans, projects and policies related to cooperatives.

24
25 The cooperative sector shall undertake the organization/streamlining
26 or rationalization of an apex body, representing all types and
27 categories of cooperatives under the Philippine Cooperative Code
28 of 2008, which shall function as the overall consultative and
29 coordinating body with the Authority.

30 The Authority, in consultation with the cooperative sector, shall
31 promulgate the guidelines for the implementation of the consultative
32 mechanism;

33
34 h) Establish and maintain a continuing educational and capability-
35 building program for the authority;

1 i) Require the submission of annual reports, audited financial
2 statements, and such reports in compliance with the Philippine
3 Cooperative Code of 2008, in such forms as may be prescribed by
4 the Authority;

5
6 j) Conduct regular inspection or examination of a cooperative in
7 accordance with the rules and regulations promulgated by the
8 Authority and, when deemed necessary, conduct a special
9 inspection and investigation to protect the interest and welfare of
10 the members of cooperatives. The Authority, however, may delegate
11 this power to accredited federations and unions in accordance with
12 the Philippine Cooperative Code of 2008 and the implementing rules
13 and regulations issued for this purpose;

14
15 k) Compel the cooperative to call a general assembly under the
16 supervision of the Authority, subject to the criteria or condition/s to be
17 defined in the implementing rules and regulations issued for this
18 purpose.

19
20 In case a cooperative fails to call and conduct a general assembly,
21 the Authority shall, on its own, call a general assembly meeting to
22 address and settle issues. The Authority may enlist the aid and support
23 of and/or deputize any and all enforcement agencies of the
24 government and federations and unions for the implementation of its
25 orders;

26
27 l) Impose sanctions for non-compliance with lawful orders, rules and
28 regulations of the Authority, including the Articles of Cooperation and
29 By-Laws of the cooperative subject to conditions as defined in the
30 implementing rules and regulations of this Act;

31
32 m) Collect reasonable fees, fines or charges in the performance of its
33 registration and regulatory functions;

34 n) Establish offices in areas as may be determined by the Authority;

35 o) Adopt and implement a dispute resolution mechanism that will settle
36 conflicts between and among members, officers, and directors of

1 cooperatives, and between and among cooperatives in
2 accordance with Article 137 of Republic Act 9520, the Philippine
3 Cooperative Code of 2008, and Republic Act No. 9285, the
4 Alternative Dispute Resolution Act of 2004;

5
6 p) Implement and enforce its decision with the assistance of deputized
7 law enforcement agencies or the local government unit concerned
8 as may be necessary; and

9
10 q) Exercise such other powers and functions as may be necessary to
11 implement the provisions of the Philippine Cooperative Code of 2008.

12
13 **SEC. 5. Board of Directors.** – The Authority shall have a Board of Directors
14 which shall be the collegial policy-making body of the Authority. It shall be
15 composed of the Chairperson and six (6) members of the Board of Directors, all of
16 whom shall be chosen from among the nominees of the cooperative sector, with
17 two (2) representatives each from the regions of Luzon, Visayas and Mindanao.
18 They shall be appointed by the President of the Philippines and shall serve for a
19 term of six (6) years without reappointment. Except for the Chairperson, the
20 Members of the Board shall serve on a part-time basis only and shall be entitled to
21 honoraria and actual travel expenses.

22
23 **SEC. 6. Powers and Functions of the Board.** – The Board, as the policy
24 making body, shall have the following powers and functions:

25
26 a) Formulate policies, rules and regulations consistent with the provisions
27 of the Philippine Cooperative Code of 2008 and this Act;

28
29 b) Adopt implementing rules and regulations for the conduct of the
30 internal operations of the Authority;

31 c) Organize the operating structure and functions of the Authority. No
32 changes in the approved organizational structure shall be effected
33 without the approval of the Board; and

34
35 d) Approve and adopt the annual budget of the Authority.

1 **SEC. 7. Qualifications of the Chairperson and the Members of the Board.** –
2 The Chairperson and the Members of the Board must possess the following
3 qualifications:

- 4
- 5 a) A natural born Filipino citizen;
 - 6
 - 7 b) A holder of any bachelor's degree with five (5) years of experience
8 as an officer of a cooperative, a government agency, or a non-
9 government organization engaged in cooperative development, or
10 a person with at least seven (7) years of experience in cooperatives
11 preferably with background in the areas of agriculture, finance,
12 business and social science such as economics, sociology,
13 management and law; and
 - 14
 - 15 c) The Chairperson should be a resident of the Philippines, while, the
16 Members of the Board must be *bona fide* residents of the regions
17 they represent for at least five (5) years prior to appointment.

18
19 Any person appointed as Chairperson or Member of the Board shall,
20 upon appointment, divest himself of any direct or indirect pecuniary
21 interest or dealings with any cooperative.

22

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

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

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

1 The meeting shall be presided by the Chairperson. However, in the
2 absence of the Chairperson, the Board shall elect from among themselves an
3 acting presiding officer.

4 All regular and special meetings of the Board shall be held at the head
5 office in Metro Manila or in any other place as may be determined by the Board.
6

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

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

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

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

- 23 a) Prepare, consolidate and submit periodic reports for the
24 consideration of the Board;
- 25 b) Implement a human resource management system consistent with
26 the Civil Service Code that will promote professionalism and
27 excellence in accordance with sound principles of management;
- 28 c) Prepare the proposed annual and supplemental budgets of the
29 Authority for the consideration and approval of the Board;
- 30 d) Report to the President of the Philippines and Congress on the
31 performance and accomplishment of the Authority on a periodic
32 basis;
- 33
- 34

- 1 e) Represent the Authority in all undertakings where its presence is
2 required; and
3
4 f) Perform such other functions as may be required by law.
5

6 SEC. 12. **Registration for Tax Exemption.** – The Authority shall furnish the
7 Bureau of Internal Revenue (BIR), local government units and other concerned
8 agencies a certified list of duly registered cooperatives for purposes of tax
9 exemptions.
10

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

17 Any public official or employee who violates or in any manner circumvents
18 this provision shall be dealt with in accordance with Article 140 of the Philippine
19 Cooperative Code of 2008.
20

21 SEC. 13. **Prohibition.** – Except as provided for under Article 130 of the
22 Philippine Cooperative Code of 2008, the use by any person or organization of
23 the word “cooperative” in their business name, unless duly registered with the
24 Authority, shall be prohibited and shall be penalized under Article 140 of the
25 Philippine Cooperative Code of 2008.
26

27 SEC. 14. **Settlement of Disputes.** – As far as practicable, disputes between
28 and among members, officers, and directors of cooperatives, and between and
29 among cooperatives shall be settled in accordance with Article 137 of Republic
30 Act 9520, the Philippine Cooperative Code of 2008, and Republic Act No. 9285,
31 the Alternative Dispute Resolution Act of 2004.
32

33 SEC. 15. **Cooperative Officers Training Standards.** – The Authority, in
34 coordination with the Development Academy of the Philippines (DAP) and other
35 higher learning and training institutions, and in consultation with the cooperative

1 sector, shall formulate a standard of training requirements for cooperative officers
2 and members: *Provided*, That the training requirements shall be optional for
3 cooperative members. The Authority shall likewise formulate a system of
4 recognition and accreditation of units or equivalent training that an officer has
5 undertaken through formal or non-formal education.

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

12
13 Upon request of cooperatives, State colleges and universities (SUCs) shall
14 provide technical assistance and guidance to cooperatives in the communities
15 where they are located. The SUCs may tap the support and participation of
16 unions and federations of cooperatives in the implementation of this provision.

17
18 **SEC. 16. Cooperativism in the Education System.** – The history, philosophy,
19 concepts, values, principles and practices of cooperatives and their role in nation
20 building shall be disseminated both in formal and non-formal education.

21
22 Notwithstanding existing laws, memorandum orders and directives,
23 cooperativism, as a tool for self-empowerment and nation building, shall be
24 included in the curricula of senior students in all the secondary educational
25 institutions.

26
27 Cooperatives development and administration may be offered as a field of
28 study in the baccalaureate, post baccalaureate or masteral programs in SUCs:
29 *Provided*, That in cases where the SUCs do not offer a separate academic
30 program in cooperatives development and administration, the SUCs shall be
31 encouraged to include a 3-unit subject in the curricula of accountancy,
32 agribusiness, agriculture, agricultural economics, business, community
33 development, economics, education, forestry, social sciences, and other
34 curricula that can be instrumental in the development of cooperatives.

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

5
6 SEC. 18. **Cooperatives in the Banking System.** – The promotion and
7 development of cooperative banks, as part of the banking system and of
8 financial service cooperatives as defined in the Philippine Cooperative Code of
9 2008, shall be a major concern of the Authority which shall undertake the
10 necessary program towards this end in collaboration with the Bangko Sentral ng
11 Pilipinas (BSP) and the cooperative sector concerned.

12
13 SEC. 19. **Cooperatives Engaged in Services Covered by Other Laws.** –
14 Registered cooperatives shall secure the necessary licenses, franchises, certificate
15 of authority and permits from other appropriate agencies with jurisdiction over
16 their activities, if required by other existing laws, rules and regulations.

17
18 SEC. 20. **Reorganization of the Authority.** – The Authority shall be reorganized
19 within one hundred twenty (120) days from the effectivity of this Act.

20
21 SEC. 21. **Transitory Provisions.** – Upon the effectivity of this Act, the
22 personnel of the Authority shall, unless removed for cause and after due process,
23 continue to perform their duties and responsibilities and shall receive their
24 corresponding salaries and benefits.

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

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

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

3
4 SEC. 23. **Transfer of Funds and Programs.** - The Cooperative Development
5 Loan Fund and the Fund for Management Training and Assistance Program
6 created under Presidential Decree No. 175, as amended, and the Cooperative
7 Marketing Project created under loan agreements, all granted to the DA, is
8 hereby transferred to the Authority which shall be used for the development and
9 strengthening of cooperatives.

10
11 SEC. 24. **Joint Congressional Oversight Committee on Cooperatives**
12 **(JCOCC).** – The Joint Congressional Oversight Committee created under Article
13 138 of the Philippine Cooperative Code of 2008 shall review and monitor the
14 implementation of this Act.

15
16 SEC. 25. **Implementing Rules and Regulations.** – The Board shall, in
17 consultation with the cooperative sector and other concerned government
18 agencies, formulate the implementing rules and regulations for the effective
19 implementation of the provisions of this Act. The implementing rules and
20 regulations shall take effect within fifteen (15) days after publication in the Official
21 Gazette or in two (2) newspapers of general circulation. All subsequent
22 amendments to the implementing rules and regulations shall also be published
23 before taking effect.

24
25 SEC. 26. **Information Campaign.** – The Authority is mandated to conduct a
26 massive information campaign on the provisions of this Act upon its effectivity.

27
28 SEC. 27. **Repealing Clause.** – Republic Act No. 6939, creating the
29 Cooperative Development Authority, is hereby repealed. All other laws, decrees,
30 executive orders, rules and regulations or parts thereof inconsistent with the
31 provisions of this Act are hereby amended or modified accordingly.

32 SEC. 28. **Separability Clause.** – If for any cause, any part of this Act is
33 declared unconstitutional, the rest of the provisions shall remain in full force and
34 effect.

1 SEC. 29. **Effectivity Clause.** – This Act shall take effect fifteen (15) days after
2 its complete publication in the Official Gazette or in at least two (2) newspapers
3 of general circulation.

Approved,