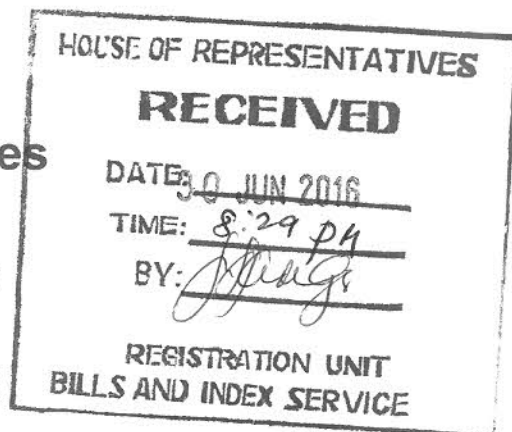


Republic of the Philippines
House of Representatives
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 565



**Introduced by Hon. Sabiniano S. Canama
and Hon. Anthony M. Bravo
COOP-NATCCO PARTYLIST**

EXPLANATORY NOTE

The approval and implementation of the Philippine Cooperative Code of 2008 (RA 9520) paved the way for the enhancement of the Charter of the Cooperative Development Authority (CDA). With the improved Philippine Cooperative Code of 2008, the organizational structure, tasks and functions of the CDA must be reviewed and improved to make the Authority more responsive to the purpose and provisions of the new coop code.

Believing that the role of government is indispensable in creating a conducive environment for the further development and growth of cooperatives, it is the desire of the cooperative sector to see the Cooperative Development Authority (CDA) adequately empowered to enable it to perform its regulatory functions and to propel cooperatives to become more competitive and competent in pursuit of sustainable operations and delivery of quality services. Hence, this legislative proposal to amend the CDA Charter (RA 6939), is urgently sought for approval.


HON. SABINIANO S. CANAMA


HON. ANTHONY M. BRAVO

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2 Republic of the Philippines
3 HOUSE OF REPRESENTATIVES
4 Quezon City, Metro Manila

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11
12 **AN ACT**
13 **REORGANIZING THE COOPERATIVE DEVELOPMENT AUTHORITY, REPEALING**
14 **FOR THE PURPOSE REPUBLIC ACT NO. 6939, CREATING THE COOPERATIVE**
15 **DEVELOPMENT AUTHORITY**
16

17 *Be it enacted by the Senate and House of Representatives of the Philippines in Congress*
18 *assembled:*
19

20 **SECTION 1. Short Title.** – This Act shall be known as the “**Cooperative Development**
21 **Authority Charter Act of 2016.**”
22

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

27 Toward this end, the State shall recognize cooperatives as associations organized for the
28 economic and social betterment of their members, operating business enterprises based on mutual
29 aid, and founded upon internationally accepted cooperative principles and practices. The State
30 recognizes the cooperatives as primarily responsible for the institutional development of
31 cooperatives. Accordingly, the State recognizes the rights of the cooperatives to initiate and foster
32 within their own ranks cooperative promotion, organization, training, information gathering, audit
33 and support services, with government assistance where necessary. In furtherance of this policy,
34 the National Economic and Development Authority shall include the promotion of growth and
35 expansion of cooperatives as major and indispensable components of national development plans.

36 The government and all its branches, subdivisions, instrumentalities and agencies shall
37 ensure the provision of technical guidance, financial assistance and other services to enable the
38 cooperatives to develop into viable and responsive economic enterprises towards a strong
39 cooperative movement free from any condition which infringes upon the objectives and character

1 of cooperatives. The State shall, except as provided in this Act, maintain the policy of non-
2 interference in the management and operation of cooperatives.

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

10
11 SEC. 4. ***Powers, Functions and Responsibilities.*** – The Authority shall have the following
12 powers and functions:

- 13 a. Formulate, adopt, and implement integrated plans and programs on cooperative
14 development consistent with the national policy on cooperatives, and establish an integrated
15 framework on cooperative development for all government agencies;
- 16 b. Establish, in consultation with the cooperative sector, the necessary standards,
17 rules or regulations for cooperative governance, management, financial performance, training and
18 education undertaken by federations or unions and other cooperative training institutions;
- 19 c. Request from government offices and instrumentalities, including local government
20 units and government-owned and controlled corporations, any data which it may require for the
21 proper discharge of its functions and responsibilities;
- 22 d. Initiate and undertake, in consultation with the cooperative sector, the organization,
23 streamlining or rationalization of an apex body, representing all types and categories of
24 cooperatives under R.A. No. 9520, which shall function as the overall consultative and
25 coordinating body with the Authority, including the promulgation of the implementing guidelines
26 of the consultative mechanism;
- 27 e. Establish and maintain a continuing educational and capability-program for the
28 Authority;
- 29 f. Register all types and categories of cooperatives including amendments to its by-
30 laws; division, merger, consolidation, dissolution and liquidation of cooperatives as well as the
31 transfer of all or substantially all of their assets and liabilities;
- 32 g. Exercise supervision and jurisdiction over all types and categories of cooperatives
33 registered with the Authority;

1 h. Order the cancellation or revocation of the Certificate of Registration after due
2 notice and hearing pursuant to Articles 67 & 68 of R.A. No. 9520 and the by-laws of the
3 cooperative;

4 i. Collect reasonable fees, fines or charges in the performance of its registration and
5 regulatory functions;

6 j. Conduct regular inspection or examination of a cooperative in accordance with
7 rules and regulations promulgated by the Authority and when deemed necessary conduct a special
8 inspection and investigation to protect the interest and welfare of the members of cooperatives.
9 However, the Authority may delegate this power to accredited federations and unions in
10 accordance with R.A. No. 9520 and the implementing rules and regulations issued for this
11 purpose;

12 k. Impose sanctions for non-compliance with lawful orders, rules and regulations of
13 the Authority, including the Articles of Cooperation and the By-Laws of the cooperative subject to
14 conditions as defined in the implementing rules and regulations of this Act;

15 l. Compel the cooperative to call a General Assembly under the supervision of the
16 Authority, subject to the criteria or condition/s to be defined in the implementing rules and
17 regulations issued for this purpose;

18 m. Upon request, mediate, conciliate and/or arbitrate disputes within or between
19 cooperatives in accordance with Article 137 of R.A. No. 9520;

20 n. Establish and strengthen extension offices in all political and administrative regions
21 in the country and such other places as may be determined by the Authority, and

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

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

27 The Board of Directors, hereinafter referred to as the Board, shall be the collegial policy-
28 making body of the Authority which shall be composed of the Chairperson and six (6) members of
29 the Board of Directors, all of whom shall be chosen from among the nominees of the cooperative
30 sector, with two (2) representatives each from Luzon, Visayas and Mindanao. They shall be
31 appointed by the President of the Philippines and shall serve for a term of six (6) years without
32 reappointment. Except for the Chairperson, the Members of the Board shall serve on a part-time
33 basis only: Provided, That any vacancy in the Board shall be filled-up by appointment of the
34 President in accordance with the provisions of this section: Provided, further, That a member so
35 appointed shall serve only for the unexpired term: Provided, finally, That the incumbent

Chairperson and members of the Board shall continue to serve and act as Chairperson and members of the present Board up to the end of their term under Republic Act No. 6939.

Except for the Chairperson, the members of the Board shall be entitled to per diem at rates to be determined and approved by the Department of Budget and Management and actual travel expenses.

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

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

a) Formulate policies, rules and regulations consistent with the provisions of R.A. No. 9520;

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

c) Organize the operating structure and functions of the Authority. No changes in the approved organizational structure including the transfer of personnel shall be effected without the approval of the Board; and

d) Adopt and submit to the appropriate government agency for inclusion in the government's annual appropriations the Authority's proposed annual budget.

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

a) A natural born Filipino citizen of legal age;

b) A holder of at least a bachelor's degree and three (3) years of experience as an official or officer of a cooperative, government agency, or non-government organization engaged in cooperative development or, in the absence of the bachelor's degree, at least five (5) years of experience in cooperatives either as an officer of a cooperative or a government agency or non-government organization engaged in cooperative development;

c) Except for the Chairperson who should be a resident of the Philippines, the other members of the Board must be a resident of the region represented for at least five (5) years; and

e) Must be recommended and endorsed by a federation and/or union of cooperatives operating in good standing under the provisions of this Act and R.A. No. 9520.

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

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

a) If the member is subsequently disqualified under the provisions of this Act;

1 b) If the member becomes physically or mentally incapacitated to properly discharge
2 the duties and responsibilities of the position and such incapacity has lasted more than six (6)
3 months; and

4 c) If the member is guilty of acts or omissions which are fraudulent or illegal in
5 character or which are manifestly opposed to the aims, objectives and interests of the Authority
6 and the cooperative sector.
7

8 SEC. 9. ***Meetings of the Board.*** – The Board shall meet at least once a month for the
9 transaction of its regular business. Special meetings may be called by the Chairperson or majority
10 of the members of the Board to consider specific matters. A majority vote by the entire Board
11 shall be required for a decision. All regular and special meetings of the Board shall be held at the
12 head office in Metro Manila.
13

14 SEC. 10. ***Chairperson/Administrator/Chief Executive Officer.*** – The Chairperson shall be
15 the Administrator of the Authority and shall have the rank and privileges of an Undersecretary.

16 In the absence of the Administrator, the Deputy Administrator/ Chief Operating Officer
17 shall be the Officer-in-Charge of the Authority who shall exercise the powers and duties of the
18 Administrator.
19

20 SEC. 11. ***Deputy Administrator.*** – There shall be a Deputy Administrator who shall be a
21 career officer who shall assist the Administrator in the performance of his/her functions and act as
22 the Chief Operating Officer.

23 In the absence of the Administrator, the Deputy Administrator shall exercise the powers
24 and duties of the Administrator.
25

26 SEC. 12. ***Powers and Functions of the Chairperson/Administrator.*** – The
27 Chairperson/Administrator of the Authority shall have the following powers and functions:

- 28 a) Preside over the meetings of the Board;
- 29 b) Supervise the over-all operations of the Authority;
- 30 c) Prepare, consolidate and submit periodic reports for the consideration of the Board;
- 31 d) Implement a human resource management system consistent with the Civil Service
32 Code that will promote professionalism and excellence in accordance with sound principles
33 of management;
- 34 e) Prepare the proposed annual and supplemental budgets of the Authority for the
35 consideration and approval of the Board;
- 36 f) Report to the President of the Philippines and Congress on the performance and
37 accomplishment of the Authority on a periodic basis;
- 38 g) Represent the Authority in all undertakings where its presence is required; and

1 h) Perform such other functions as may be required by law.

2
3 SEC. 13. ***Power to Register Cooperatives.*** – The power to register cooperatives shall be
4 vested solely on the Authority pursuant to the provisions of R.A. No. 9520.

5
6 SEC. 14. ***Prohibition.*** – Except as provided for under Article 130 of R.A. No. 9520, the
7 use of the word “cooperative” by any person or organization unless duly registered with the
8 Cooperative Development Authority shall be prohibited and shall be penalized under Article 140
9 of the same Code.

10
11 SEC. 15. ***Settlement of Disputes.*** – Disputes within or between cooperatives, or disputes
12 within or between federations or unions shall be mediated, conciliated or settled in accordance
13 with this Act, Article 137 of R.A. No. 9520 and its implementing rules and regulations or under
14 Republic Act No. 9285, otherwise known as the Alternative Dispute Resolution Act of 2004.

15
16 SEC. 16. ***Cooperatives in the Education System.*** – The history, philosophy, concepts,
17 values, principles and practices of cooperatives and their role as a factor in the national economy
18 shall be disseminated both in formal and non-formal education.

19 The Authority shall encourage and promote the establishment of a cooperative institute that
20 shall advocate good governance standards toward sustainability of cooperatives and
21 professionalization of cooperative management: Provided that the institute shall be a private entity
22 organized and funded by cooperative organizations and other entities with cooperative
23 development programs; Provided further, that the cooperative institute will offer courses in
24 consultation with the Authority and the cooperative sector and may conduct research studies and
25 extension services on cooperative development upon request of the cooperative sector.

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

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

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

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

12
13 SEC. 18. **Transitory Provisions.** – Upon the effectivity of this Act, the personnel of the
14 Cooperative Development Authority shall, unless removed for cause and after due process,
15 continue to 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 regulation and rules of the Organization, Position
19 Classification and Compensation Bureau of the Department of Budget and Management (DBM);
20 Provided, that Those who shall not be absorbed by the organization shall be allowed to retire under
21 existing retirement laws, rules and regulations.

22
23 SEC. 19. **Appropriations.** – The amount necessary for the implementation of this Act
24 shall be included in the annual General Appropriations Act.

25
26 SEC. 20. **Transfer of Funds and Programs.** - The Cooperative Development Loan Fund
27 and the Fund for Management Training and Assistance Program created under Presidential Decree
28 No. 175, as amended, and the Cooperative Marketing Project created under loan agreements, all
29 granted to the Department of Agriculture, is hereby transferred to the Authority which shall be
30 used for the development and strengthening of cooperatives.

31 SEC. 21. **Implementing Rules and Regulations.** – The Board shall, in consultation with
32 the cooperative sector, formulate the implementing rules and regulations for the effective
33 implementation of the provisions of this Act. The implementing rules and regulations shall take
34 effect within fifteen (15) days after publication in the Official Gazette or in two (2) newspapers of
35 general circulation. All subsequent amendments to the implementing rules and regulations shall
36 also be published before taking effect.

1 SEC. 22. **Information Campaign.** – The Cooperative Development Authority is mandated
2 to conduct a six (6) months information campaign on the provisions of this Act from its effectivity.

3
4 SEC. 23. **Repealing Clause.** – Republic Act No. 6939, creating the Cooperative
5 Development Authority and E.O. 332, Series of 2004 are hereby repealed. The provisions of
6 Article 144, Paragraph 2 of R.A. No. 9520, on securing the requisite Certificate of Tax Exemption
7 following the registration of cooperatives and the provisions of Art. 17 of P.D. 269 allowing the
8 use of the word cooperative by electric cooperatives are also hereby repealed. All other laws,
9 decrees, executive orders, rules and regulations or parts thereof inconsistent with the provisions of
10 this Act are hereby amended or modified accordingly.

11
12 SEC. 24. **Separability Clause.** – If for any cause, any part of this Act is declared
13 unconstitutional, the rest of the provisions shall remain in force and effect.

14 SEC. 25. **Effectivity Clause.** – This Act shall take effect fifteen (15) days after its
15 publication in the Official Gazette or in at least two (2) national newspapers of general circulation.

16
17 *Approved,*