

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**FIFTEENTH CONGRESS**  
First Regular Session

HOUSE BILL NO. 2354

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**Introduced by: HON. JOSE R. PING-AY AND HON. CRESENTE C. PAEZ**

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**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 purposes and provisions of the new coop law.

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 (R.A. 6939), is urgently sought for approval.



**HON. JOSE R. PING-AY**



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**AN ACT TO REORGANIZE AND STRENGTHEN THE COOPERATIVE  
DEVELOPMENT AUTHORITY, REPEALING FOR THIS PURPOSE  
REPUBLIC ACT NO. 6939, OTHERWISE KNOWN AS THE CHARTER OF THE  
COOPERATIVE DEVELOPMENT AUTHORITY, AND FOR OTHER  
PURPOSES**

**SEC. 1. Title.** - This Act shall be known as the "Revised Charter of the Cooperative Development Authority"

**SEC. 2. Declaration of Policy.** - It is hereby declared the policy of the State to promote the viability and growth of cooperatives as a potent vehicle for promoting equity, social justice and economic development and to create an agency, in fulfillment of the mandate in section 15, Article XII of the Constitution. Towards this end, the State shall maintain an Authority that shall function and operate as a central policy, developmental, and regulatory governmental body in the discharge of its mandated responsibilities concerning cooperatives. The State shall recognize cooperatives as associations organized for the economic and social betterment of their members, operating business enterprises based on mutual aid, and founded upon internationally accepted cooperative principles and practices. In line with this policy, the State recognizes the responsibility of cooperatives to foster, within its own ranks, cooperative promotion, organization, training, information gathering, audit and support services. Except as provided for under this Act, and justiciable issues obtaining in a cooperative, the State shall maintain the policy of non-interference in the direct management and operation of cooperatives.

Appropriate national economic planning agencies shall include support for the promotion of the growth and expansion of cooperatives as a major and indispensable component of national development plans. All departments, branches, subdivisions and instrumentalities of the Government shall support the cooperative sector in their respective programs by providing them with appropriate and suitable policies and incentives.

**SEC. 3. The Cooperative Development Authority.** - The Cooperative Development Authority created under Republic Act No. 6939, herein referred to as the Authority, is hereby reorganized to carry out the provisions of this Act and those of the Philippine Cooperative Code of 2008 (RA 9520). The Authority shall have its principal place of business in Metro Manila, and may maintain offices, and branches in such other places as the proper conduct of its business may require. The Authority shall be an agency attached to the Office of the President for policy and programs coordination.

**SEC. 4. Powers and Functions of the Authority.** – The Authority, after consultation with the sector, shall formulate and implement the necessary policies to further strengthen the cooperative sector. It shall likewise issue the necessary rules and regulations for the safe and sound operations of all types of cooperatives, federations and/or unions in accordance with the provisions of Republic Act 9520 (The Philippine Cooperative Code of 2008) and other pertinent laws. It shall have the following powers and functions:

(1) Regulation and Supervision:

(a) Exercise the sole power to register all types and categories of cooperatives, transfer all or substantially all of the cooperative's assets and liabilities and such other matters as may be required by the Authority.

(b) Provide appropriate implementing rules and regulations, in consultation with the sector and other pertinent government agencies dealing with the different types of cooperatives, regarding inspection and audit of cooperatives, federations and unions, including their branches, subsidiaries and affiliates engaged in allied activities.

(c) Regulate and together with relevant government agencies, have supervision over inspection and audit of cooperatives, federations and unions, including their branches, subsidiaries and affiliates engaged in allied activities. *Provided, however,* that the Authority may delegate such power to an accredited cooperative federation and/or union on conditions and guidelines as may be prescribed by the Board.

(d) Suspend or revoke the certificate of registration of a cooperative not compliant with the provisions of R.A. 9520 and other pertinent laws, after due process and formally notifying the cooperative of its non-compliance.

(e) Establish the necessary standards, rules and regulations on cooperative governance, management and financial performance, in consultation with the sector and other relevant government agencies and the sector, in order to monitor and evaluate the cooperative's performance. The Authority shall also set the standards for the training and education undertaken by accredited cooperative federations or unions for their cooperative members.

The heads and the inspectors of the supervising and/or examining department of the Authority are hereby authorized to administer oaths to any director, officer, or employee of any institution under their respective supervision or subject to their examination and to compel the presentation of all books, documents, papers or records necessary, in their judgment, to ascertain the true condition of the concerned cooperative as well as the books and records of persons and entities relative to or in connection with the operations, activities or transactions of the institution under inspection, subject to the provisions of existing laws protecting or safeguarding the secrecy or confidentiality of deposits as well as investments of private persons, natural or juridical, and in debt instruments issued by the Government.

(f) Authorized to request from government offices and instrumentalities, including local government units, or government-owned or –controlled corporations, any data which it may require for the proper discharge of its functions and responsibilities.

The Authority, through the Executive Director or, in his/her absence, a duly authorized representative shall have, upon approval by the Board, the power to issue a *subpoena* and *subpoena duces tecum* for the production of the books and records of any cooperative. Those who refuse to supply the information or data requested or required, shall be subject to punishment for contempt in accordance with the provisions of the Rules of Court.

Data or information gathered from individual cooperatives, federations or unions, shall be held in the strictest confidentiality by the Authority and shall not be made available to any person or entity outside of the Authority, whether public or private, except under order of a court of law or under such conditions as may be prescribed by the Board: *Provided, however,* That aggregate or collective data on cooperatives may be released to interested parties or entities.

(g) Require all cooperatives, federations and unions to submit their annual financial statements, duly audited by certified public accountants, and general information sheets.

(h) Issue Certificate of Good Standing to cooperatives compliant to RA 9520 and other related laws governing cooperatives.

(i) Require all Board of Directors and officers of cooperatives to undergo cooperative governance and risk management courses to be conducted by the Authority's authorized federations and/or unions.

(2) Developmental:

(a) Act as conduit of government funds to cooperatives. The Authority shall issue implementing rules and guidelines relative to this.

(b) Act as the sole coordinative body for all planning and execution of government projects and programs geared to cooperative development and strengthening. Monitor cooperative projects and programs funded and/or implemented by international organizations that are coursed through the Philippine government.

(c) Coordinate or liaise with other relevant government agencies and co-op federations to provide the necessary technical assistance to cooperatives in the preparation of technical and project proposals, feasibility studies and similar undertakings needed to upgrade the cooperative's operations.

(d) Require primary cooperatives to join or affiliate with qualified federations and/or unions of their choice.

(e) Link cooperatives with qualified federations/or unions and other appropriate government agencies, to provide needed capability-building assistance.

(3) Adjudication

(a) Mediate, conciliate or adjudicate disputes within a cooperative or between cooperatives, upon the request of either or both parties: *Provided, however,* That before the Authority takes cognizance of the case, there should first be a certificate of non-resolution from the federation or union to which it is affiliated: *Provided, further,* That the provisions of Article 137 of Chapter 18 of RA 9520 are strictly adhered to.

(b) After due process, the Authority can impose penalties and fines on all cooperatives not compliant to the provisions of RA 9520.

(c) Investigate cooperative directors, officers and employees who have willfully violated provisions of RA 9520 and other pertinent cooperative laws. The said investigation shall be in close coordination with the present directors and officers of the subject cooperative.

(d) Order the cancellation after due notice and hearing of a cooperative's certificate of registration for non-compliance with administrative requirements as provided for in this Act and RA 9520 and in cases of voluntary dissolution.

**SEC. 5. Organizational Structure.** – The Authority shall consist of the following units:

(a) Board of Directors - A collegial body composed of the Chairperson and six (6) regular directors and four (4) ex-officio directors.

(b) Executive Director – As the Chief Executive Officer; and

(c) Staff Services – The Staff Services of the Authority shall be as follows:

- (i) Administrative
- (ii) Finance
- (iii) Planning
- (iv) Institutional Development with Special Sections for Financial Service and Credit Co-ops, Public Service Co-ops, Agri-co-ops
- (v) Supervision and Examination
- (v) Legal
- (vi) Registration

(d) Regional and Field Officers – The Authority shall establish, operate and maintain regional offices as may be necessary, headed by regional directors who shall implement the policies and programs of the Authority in their respective regions.

**SEC. 6. The Board of Directors.** – The Authority, as reorganized, shall be composed of a Board of Directors consisting of a Chairperson and ten (10) members. Six of these Directors shall be appointed by the President from among the nominees of representative assemblies of cooperatives convened by the cooperative sector and the Authority, with two representatives each from Luzon, Visayas, and Mindanao: *Provided*, That in the case of Mindanao, one member shall represent the Autonomous Region of Muslim Mindanao (ARMM). The four (4) other Board Directors shall be the Deputy Director General of the National Economic Development Authority (NEDA) and an Undersecretary each of the Department of Finance (DOF), Department of Agriculture (DA), and the Department of Trade and Industry (DTI).

The Board of Directors from the cooperative sector shall serve for a term of six (6) years without reappointment. The Board of Directors will serve on a part-time basis, except for the Chairperson: *Provided*, That any vacancy in the Board shall be filled by appointment by the President in accordance with the provisions of this section: *Provided, further*, That a member so appointed shall serve only for the unexpired term: *Provided, finally*, That the incumbent Chairperson and members of the Board of Directors shall continue to serve and act as Chairperson and members of the present Board of Directors as reorganized within their present term.

**SEC. 7. Powers and Functions of the Board.** – The Board of Directors as the policy making body shall have the following powers and functions:

(a) Formulate policies, rules and regulations necessary in the operations of the Authority and, in consultation with the sector, promulgate policies, rules and regulations necessary for the sector: *Provided, however*, That such policies, rules and regulations are consistent with the provisions of RA 9520.

(b) Set the strategic directions and plans of the Authority.

(c) Establish a human resource management system that shall govern the selection, hiring, appointment, transfer, promotion, or dismissal of all personnel of the Authority consistent with the Civil Service Code and Philippine labor policies. Such system shall establish professionalism and excellence at all levels of the Authority in accordance with sound principles and management;

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

(e) See to it that cases or disputes filed with or referred to the Authority are acted upon without undue delay; and

(f) Perform such other functions as may be required by law.

The members of the Board of Directors shall be provided with reasonable honoraria, representation and travel expenses in the discharge of their duties.

**SEC. 8. *Qualifications of Members of the Board*** - No person shall be appointed Chairperson or member of the Board of Directors unless he possesses the following qualifications:

(a) A natural-born Filipino citizen of legal age;

(b) Must not be more than 60 years old at the time of the appointment and must be in good health;

(c) A Bachelor's Degree in cooperatives, economics, finance, agriculture, fisheries, veterinary medicine, business, social science, law, management, or in similar fields of study and five (5) 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 a bachelor's degree, at least ten (10) years of experience in cooperatives either as an officer of a cooperative or a government agency or non-government organization engaged in cooperative development;

(d) Must be a resident of the region he represents for at least two (2) years; and

(e) Must be endorsed by a reputable federation and/or union of cooperatives operating in good standing under the provisions of this Act and RA 9520.

Any person appointed as Chairperson or regular member of the Board of Directors shall divest himself of any direct or indirect pecuniary interest in or dealings with cooperatives upon his/her appointment.

**SEC. 9. *Removal of the Board of Directors*** - The President 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 and appropriate provisions of RA 9520;

(b) If she/he is physically or mentally incapacitated that she/he can not properly discharge the duties and responsibilities of his/her position and such incapacity has lasted more than six (6) months; and

(c) If the member is guilty of acts or omissions which are fraudulent or illegal in character or which are manifestly opposed to the aims, objectives and interests of the Authority.

**SEC. 10. *Meetings of the Board***. - The Board of Directors shall meet at least once a month for the transaction of its regular business. Special meetings may be called by the Chairperson or majority of the members to consider specific matters. A majority vote by the entire Board shall be required for a decision. All meetings of the Board may

be held at the office in Metro Manila or at any other place as may be determined by the Board.

**SEC 11. Cooperative Adjudication Board** – Regional Cooperative Adjudication Boards (RCAB) are hereby created under the supervision of the Board of Directors. It shall establish 2 RCABs for Luzon; 1 for Visayas; and 2 for Mindanao. The RCAB shall be composed of a Chairman and two (2) members all of whom are members of the Integrated Bar of the Philippines with at least 3 years law practice.

The RCAB shall have jurisdiction over all cooperative cases falling under their respective territorial jurisdictions only upon receipt of a Certificate of Non-Resolution issued by the Mediation and Conciliation Committee of the cooperative concerned and/or Certificate of Non-Resolution issued by the Federation and/or Union to which the cooperative belongs.

**SEC. 12. Functions of the Regional Cooperative Adjudication Board** – In aid of their adjudicative functions, the RCAB may exercise any or all of the following:

- (a) Order the conduct of an operational and financial audit of the cooperative involved in a pending case;
- (b) Evaluate and award damages, including attorney's fees;
- (c) Require the attendance of witnesses and/or production of pertinent cooperative records and/or documents through the issuance of subpoenas;
- (d) Enlist the aid and support of and/or deputize any law enforcement officer in the implementation and enforcement of decisions, orders or resolutions; and
- (e) Punish any person, officers and/or members of a cooperative for acts constituting direct or indirect contempt.

Decisions, orders and resolutions of the RCAB shall be appealable to the Board of Directors, sitting en banc, within fifteen (15) calendar days from receipt thereof. The decisions, orders and resolutions of the Board of Directors, sitting en banc, shall be appealable to the Office of the President within fifteen (15) calendar days from receipt thereof. The Office of the President shall decide on the appeal within forty five (45) calendar days from receipt thereof otherwise the appeal shall be considered denied. The appellee may then bring the case to the proper court.

**SEC. 13. The Secretariat.** - The Board shall appoint its secretary and such other personnel necessary to enable it to perform its duties and functions.

**SEC. 14. The Chairperson.** - The President shall appoint the Chairperson of the Board with a fixed term of six (6) years without reappointment. The Chairperson of the Board shall have the rank and privileges of a department undersecretary.

**SEC.15. Powers and Functions of the Chairperson.** - The Chairperson of the Authority shall have the following powers and functions:

- (a) Preside over the meetings of the Board of Directors;
- (b) Report to the President of the Philippines the performance and accomplishment reports of the Authority on a periodic basis;
- (b) Represent the Authority in all undertakings where its presence is required; and

(d) Perform such other functions as may be required by law.

**SEC. 16. *The Executive Director*** – The Board of Directors shall appoint the Executive Director of the Authority based on the following qualifications:

(a) A natural-born Filipino citizen of legal age;

(b) Must not be more than 60 years old at the time of the appointment and must be in good health;

(c) A Bachelor's Degree on cooperatives, economics, finance, agriculture, fisheries, veterinary medicine, business, social science, law, management, or in similar fields of study and FIVE (5) 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 a bachelor's degree, at least ten (10) years of experience in cooperatives either as an officer of a cooperative or a government agency or non-government organization engaged in cooperative development;

(d) Must be endorsed by a reputable federation and/or union of cooperatives operating in good standing under the provisions of this Act and RA 9520.

Any person appointed as Executive Director shall divest himself of any direct or indirect pecuniary interest in or dealings with cooperatives upon his appointment.

**SEC. 17. *Powers and Functions of the Executive Director***- The Executive Director shall be the chief executive officer of the Authority and shall have the following powers and functions:

(a) Supervise, direct and coordinate the over-all operations of the Authority;

(b) Prepare and submit periodic reports and other special reports of the Authority as may be required from time to time by the President or Congress;

(c) Implement and/or execute the policies, directives, programs and projects formulated and adopted by the Board of Directors;

(d) Delegate authority for the performance of any function to offices and employees under his direction;

(e) Appoint and discipline personnel of the Authority subject to the confirmation by the Board of Directors;

(f) Prepare the agenda for deliberation by the Board of Directors;

(g) Submit the proposed annual and supplemental budgets of the Authority for the consideration and approval of the Board of Directors.

**SEC. 18. *Deputy Executive Director***. - There shall be a Deputy Executive Director who shall assist the Executive Director in the performance of his/her functions and shall act as the Deputy Executive Officer. The Executive Director shall recommend for appointment by the Board of Directors the Deputy Executive Director who shall be a career service officer.

In the absence of the Executive Director, the Deputy Executive Director shall act as the Executive Director of the Authority and shall exercise the powers and duties of the Executive Director.

**SEC. 19. *Collection and Payment of Fees.*** - Primary cooperatives that are subject to direct supervision and examination of the Authority, within the first thirty (30) days of each year, shall pay an annual fee in an amount equal to some percentage as may be prescribed by the Board, of its average net worth during the preceding year as shown on its end-of-month balance sheets: *Provided, however,* That for primary cooperatives under the delegated supervision and examination of accredited federations and unions, such fees shall be directly paid to the federation or union concerned under guidelines, rules and regulations to be established by the Authority. Such fees may be deducted from the CETF remitted by the primary cooperative to the accredited federation or union.

Other fees collected by Local Government Units (LGUs), the Bureau of Internal Revenue (BIR), Department of Interior and Local Government (DILG), Department of Justice (DOJ), Office of the Court Administrator and revenue collecting agents of the government shall be subject to the Joint Rules and Regulations Implementing Articles 60, 61 and 144 of RA 9520 in relation to RA 8424 as amended.

**SEC. 20 *Cooperatives in the Education System.*** - The history, philosophy, values, principles and practices of cooperatives and their important role in the national economy shall be disseminated both in formal and non-formal education.

The cooperative education and training program of government agencies, local government units and non-governmental organizations duly registered under Philippine laws shall be subject to accreditation standards set by the Authority upon consultation with the cooperative sector.

State colleges and universities as well as local universities and colleges shall be allowed to offer formal and non-formal courses in cooperatives and shall provide guidance and technical assistance to cooperatives in the communities wherein they operate. They shall also include a 3-unit subject in cooperatives in the curricula of business, accountancy, social sciences, agriculture and other courses which can be instrumental in the development of cooperatives. Private colleges and universities shall be encouraged to offer cooperatives as a 3-unit subject or as a formal degree course. Special incentives shall be formulated and defined by the Authority for students taking up degree courses on cooperatives.

Technology and vocational schools both public and private shall also be encouraged to offer cooperatives in relevant courses.

The Department of Education shall include cooperatives as a major topic in relevant subjects in the high schools and elementary schools specifically in practical arts and *makabayan* respectively, in consultation with the cooperative sector.

**SEC. 21. *Cooperatives in the Banking System.*** - The development of cooperative banks as part of the Philippine banking system shall be a major concern of the Authority. And pursuant to Chapter 12 of RA 9520, the Authority shall undertake the necessary program towards this end in collaboration with the *Bangko Sentral ng Pilipinas* and the cooperative sector concerned.

**SEC. 22. *Prohibition.*** - No organization shall be allowed to use the title "cooperative" in its name unless it follows all generally accepted cooperative principles, applicable cooperative laws, and is duly registered under this Act. The Authority shall also be properly guided by the provisions of RA 9520 under Chapter 19, Articles 139 and 140.

**SEC. 23. *Information Campaign.*** - The Cooperative Development Authority is mandated to conduct a six (6) months information campaign on the provisions of this Act, beginning three (3) months from the effectivity of this Act.

**SEC. 24. Appropriations.** - The additional amount needed to carry out the provisions of this Act shall be drawn from the Contingent Fund of the President. Thereafter, such sums as maybe necessary for its continued implementation shall be included in the annual General Appropriations Act.

**SEC. 25. Transitory Provisions.** - (a) All cooperatives registered and/or re-registered under Republic Act No. 9520 prior to the effectivity of this Act shall be deemed registered with the Cooperative Development Authority: *Provided, however,* That said cooperatives shall submit copies of their certificate of registration and/or confirmation, approved Articles of Cooperation and By-Laws and audited financial statements for the last two (2) years with the CDA office within one (1) year from effectivity of this Act, otherwise, they shall be deemed automatically cancelled and their cooperatives shall be removed from the register of cooperatives kept by the Cooperative Development Authority.

(b) Electric cooperatives who have failed to register under Republic Act No. 9520, otherwise known as the Philippine Cooperative Code of 2008, shall have the option not to register with the Authority. They (electric coops) can retain the word "cooperative" but shall not be entitled to the benefits and privilege under RA 9520 (Article 130 of Chapter 17).

(c) Upon the effectivity of this Act, the personnel of the reorganized Cooperative Development Authority shall, unless removed for cause and after due process, continue to perform their duties and responsibilities and shall receive their corresponding salaries and benefits.

**SEC. 26. Repealing Clause.** - All acts, presidential decrees, specifically Section 17 of Presidential Decree 269, as amended, general orders, executive orders specifically Executive Order No. 332, Series of 2004, letters of implementation, letters of instruction, regulations or circulars, or parts thereof, inconsistent with any of the provisions of this Act are hereby repealed or modified accordingly. In case of doubt, the same shall be resolved in favor of the cooperatives.

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

**SEC. 28. Implementing Rules and Regulations.** - The Authority, through its Board of Directors in consultation with the Joint Congressional Oversight Committee on Cooperatives of the Congress, shall promulgate the implementing rules and regulations for the effective implementation of the Act. Such rules and regulations shall take effect upon its publication in two (2) newspapers of general circulation.

**SEC. 29. Effectivity.** - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved.