

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS

First Regular Session

House Bill No. **493**



Introduced by **Hon. Rodolfo G. Biazon**

EXPLANATORY NOTE

Section 15 of the Constitution recognizes the importance of cooperatives in the economic life of the nation, providing as follows: "*The Congress shall create an agency to promote the viability and growth of cooperatives as instruments for social justice and economic development.*"

In response to this mandate, Congress enacted Republic Act. 6939, signed by President Corazon C. Aquino on March 10, 1990, creating the Cooperative Development Authority (CDA). The failure of the cooperative movement to take off and deliver on its potential as a vehicle for poverty alleviation and for promoting the participation of the poor in economic activity is attributed in part to inadequate supervision and regulation by the CDA.

Clearly, there is a need to amend the charter of the CDA to make it a proactive partner of the cooperative sector in improving the quality of life of our people. This bill seeks to strengthen the development and regulatory powers of the CDA to ensure that the Authority will be more responsive to the challenges of the future.

In view of the foregoing, the immediate approval of this bill is earnestly requested.


RODOLFO G. BIAZON
Representative
Lone District, Muntinlupa City

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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.

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

SECTION 1. *Title.* – This Act shall be known as the “*Revised Charter of the Cooperative Development Authority.*”

SEC. 2. *Declaration of Policy.* – It is the declared policy of the state to foster the creation and growth of cooperatives as a practical vehicle for promoting self-reliance, harnessing people power, and rational use of resources towards the attainment of economic development, social justice and equity. As such, the State recognizes the rights of cooperatives to foster within its own ranks, cooperative promotion, organization, training, information gathering, audit and support services and, except as provided for in this Act, non-interference in the direct management and operation of their activities. The state shall create a conducive atmosphere that shall encourage the private sector to undertake the actual formation, reformation, transformation and organization of cooperatives that shall lead to their growth, development and modernization and the other sectors of the economy.

Toward this end, the State shall maintain an Authority in accordance with Section 15, Article XII of the Constitution that shall be tasked with the formulation of policies, rules and regulations that shall promote the viability, growth and sustainability of cooperatives.

SEC. 3. *The Cooperative Development Authority.* – The Cooperative Development Authority created under Republic Act No. 6939, hereinafter referred to as the Authority, is hereby reorganized to carry out the provisions of this Act and the applicable provisions of the Cooperative Code. It 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 program coordination.

SEC. 4. *Powers and Functions of the Authority* – The Authority shall have the following powers and functions:

- a) In consultation with the cooperative sector, formulate the necessary policies to promote the viability and growth of cooperatives. It shall likewise issue the necessary rules and regulations for the safe and sound operations of cooperatives, federations and/or unions in accordance with the provisions of this Act and other pertinent laws;
- b) Require all cooperatives, federations and unions to submit their annual financial statements, duly audited by certified public accountants, and general information sheets;
- c) Issue subpoenas and summon witnesses to appear in any proceedings of the authority and, in appropriate cases, order the examination of all documents, papers, files and records of any cooperative or person under investigation as may be necessary for the proper disposition of cases before it;
- d) By a vote of a majority of all the members of the Board of Directors, punish for contempt any witness before it who disobeys any order of the Authority or refuses to be sworn or to testify or to answer a proper question of the Authority or any member of its Board of Directors, or testifying, testifies falsely or evasively;
- e) Exercise the exclusive power to register all types and categories of cooperatives;
- f) Approve, reject, suspend, revoke or require amendments to registration documents and applications;
- g) After proper notice and hearing, suspend or revoke the certificate of registration of a cooperative;
- h) Request from government offices and instrumentalities, including local government units and government-owned and controlled corporations, any data which it may require for the proper discharge of its functions and responsibilities;
- i) In consultation with the cooperative sector, establish the necessary standards, rules or regulations for cooperative governance, management, financial performance, training and education undertaken by federations or unions and other cooperative training institutions;
- j) Exercise regulatory, supervisory, inspectorial, investigative and adjudicatory powers over cooperatives, federations and unions, including their branches, subsidiaries and affiliates: *Provided however*, That the Authority may delegate such power to a cooperative federation and/or union on conditions and guidelines as may be prescribed by the Board;

- k) Upon request of either or both parties, mediate, conciliate and/or arbitrate disputes within or between cooperatives: *Provided however*, That before the Authority takes cognizance of a case, there should be first a certificate of non-resolution from the federation or union to which said cooperative is affiliated, if any; and
- l) Exercise such other powers as may be provided by law as well as those which may be implied from, or which are necessary or incidental to the carrying out of the express powers granted the Authority to achieve the objectives and purposes of these laws.

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

- a) Board of Directors. – A collegial body composed of the Chairman and four (4) Directors;
- b) The Authority Proper. – This shall include the Office of the Chairman/Administrator, his Deputy Administrator, and such staff service units as may be required and organized in order to implement the powers and functions of the authority as well as the policies and programs approved by the Board of Directors; and
- c) Regional and Field Offices. – The Authority shall establish, operate and maintain regional offices as may be necessary that shall be 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, herein after referred to as the Board, consisting of a Chairperson and four (4) members, with a term of six (6) years each without reappointment, who shall be appointed by the President from among the nominees of representative assemblies of cooperatives convened by the cooperative sector and the Authority. Among the members of the Board, one (1) shall come from, and represent Luzon, one (1) shall come from, and represent the Visayas and two (2) shall come from, and represent Mindanao, one of whom shall come from, and represent the Autonomous Region of Muslim Mindanao (ARMM): *Provided*, That should a vacancy in the Board and a member fails to finish his/her term, said vacancy 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 present Board of Administrators shall continue to serve and act as Chairperson and members of the present Board of the Authority, as reorganized, until the expiration of their present respective terms.

SEC. 7. *Powers and Functions of the Board*. – In addition to its powers as the governing body of the Authority, the Board shall exercise the following functions:

- a) In consultation with the cooperative sector, formulate and issue necessary policies, rules and regulations;
- b) Formulate policies on a human resource management system that shall govern the selection, hiring, appointment, transfer, promotion, or dismissal of personnel. Such

system shall establish professionalism and excellence at all levels of the Authority in accordance with sound principles of management;

- c) Delegate, for purposes of efficiency, any of its functions to any department or office of the Authority, an individual Director or staff member except its quasi-judicial functions and its power to adopt, alter and supplement any rule or regulation it has promulgated;
- d) Adopt and submit to the appropriate government agency for inclusion in the government's annual appropriations, the Authority's proposed annual budget; and
- e) In accordance with applicable government rules and regulations, provide necessary assistance to officials and employees of the Authority.

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

- a) A natural-born Filipino citizen of legal age;
- b) 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;
- c) Must be a resident of the region he represents for at least two (2) years; and
- d) Must be a person of good moral character, of unquestionable integrity and of known probity, and with recognized competence in social and economic disciplines.

Upon appointment, the Chairperson or any member of the Board shall divest himself of any direct or indirect pecuniary interest in, or dealings with cooperatives and shall not be allowed to engage in any other profession.

SEC. 9. *Removal of Members of the Board.* – The President may remove any member of the Board on any of the following grounds:

- a) willful violation of the provisions of this Act or negligence, abuse or acts of malfeasance or failure to exercise due diligence in the performance of duties;
- b) physical or mental incapacity that said member can no longer properly discharge his/her duties and responsibilities; and
- c) commission of fraudulent or illegal acts that are manifestly opposed to the aims, objectives and interests of the Authority.

SEC. 10. *Meetings of the Board.* – The Board shall meet at least once a month. Special meetings may be called by the Chairperson or a majority of the members as may be necessary. A majority vote by the entire Board shall be required for a decision.

SEC. 11. *Temporary or Permanent Incapacity of the Chairperson.* – In case of absence due to temporary incapacity of the Chairperson, the most senior member of the Board shall act as presiding officer. In case of death or permanent incapacity or disqualification of the Chairperson, the Acting Chairperson shall also act as such until a new Chairperson shall have been appointed.

SEC. 12. *The Administrator.* – The President shall appoint an Administrator who shall be the Chief Executive Officer of the Authority and concurrent Chairman of the Board with a rank and privileges equivalent to that of a department undersecretary.

SEC. 13. *Powers and Functions of the Administrator.* – As Chief Executive Officer of the Authority, the Administrator 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 as may be required from the Authority by the President or Congress;
- c) Implement and/or execute policies, directives, programs and projects formulated and adopted by the Board;
- d) Delegate authority for the performance of any function to offices and employees under his/her direction;
- e) Appoint and discipline personnel of the authority subject to the confirmation by the Board of Directors;
- f) Submit the proposed annual and supplemental budgets of the Authority for the consideration and approval of the Board;
- g) Act on cases or disputes filed with, or referred to the Authority; and
- h) Perform such other functions as may be required by law.

SEC. 14. *Deputy Administrator.* – There shall be a Deputy Administrator who shall be a career officer who shall assist the Administrator in the performance of his/her functions and act as the Deputy Executive Officer. The Administrator shall recommend for appointment by the President, the Deputy Administrator.

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

SEC. 15. *Cooperatives in the Education System.* – The history, philosophy, principles and practices of cooperatives and their important role in the national economy shall be disseminated both in formal and non-formal education.

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. A 3-unit

subject in cooperatives shall be included in the curricula of business, accountancy, social sciences, agriculture and other courses that 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. Both public and private technology and vocational schools shall also be encouraged to offer cooperatives in relevant courses.

In consultation with the cooperative sector, the Department of Education (DepEd) shall include cooperatives as a major topic in relevant subjects in the high schools and elementary schools specifically in Practical Arts and *Makabayan* respectively.

SEC. 16. *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 which shall undertake the necessary program towards this end in collaboration with the *Bangko Sentral ng Pilipinas* and the cooperative sector concerned.

SEC. 17. *Prohibition.* – No organization shall be allowed to use the title “cooperative” in its name unless it follows all generally accepted principles, applicable cooperative laws, and is duly registered under this Act.

SEC. 18. *Information Campaign.* – The Cooperative Development Authority is mandated to conduct an information campaign on the provisions of this Act for a period of six (6) months beginning three (3) months from the effectivity of this Act.

SEC. 19. *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 may be necessary for its continued implementation shall be included in the Annual General Appropriations Act.

SEC. 20. *Transitory Provisions.* – (a) All cooperatives registered under Republic Act No. 6938 prior to the effectivity of this Act shall be deemed registered with the reorganized Authority; *Provided however,* That said cooperatives shall submit to the Authority within one (1) year from the effectivity of this Act, copies of their certificates of registration and/or confirmation, approved Articles of Cooperation and By-Laws, and audited financial statements for the last two (2) years. All cooperatives who fail to submit these required documents within the prescribed period shall be removed from the register of cooperatives of the Authority.

Upon proper verification of the aforecited required documents, the Authority shall issue a new certificate of registration to such cooperatives.

(b) To achieve the goals and objectives of this Act and consistent with Civil Service Laws, the Authority is hereby authorized to provide for its reorganization, streamline its structure and operations, upgrade its human resource component and such other necessary and incidental acts that would enable it to effectively and efficiently perform its functions and exercise its powers.

(c) All electric cooperatives who failed to register under Republic Act No. 6938 shall be barred from using the word “cooperative” in their business name within one (1) year from the effectivity of this Act.

(d) Upon the effectivity of this Act, the personnel of the 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. 21. *Repealing Clause.* – (a) Section 17 of Presidential Decree No. 269, as amended and Executive Order No. 332, Series of 2004 are hereby repealed or amended accordingly; and

(b) All other issuances, laws, decrees, orders, rules and regulations, or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 22. *Separability Clause.* – If any provision of this Act is declared invalid or unconstitutional, the remainder of the Act shall remain valid and subsisting.

SEC. 23. *Implementing Rules and Regulations.* – The Authority, through its Board in consultation with representatives from the cooperative sector, shall promulgate the necessary rules and regulations for the effective implementation of this Act. Such rules and regulations shall take effect fifteen (15) days upon its publication in two (2) newspapers of general circulation.

SEC. 19. *Effectivity* – This Act shall take effect fifteen (15) days upon its publication in two (2) newspapers of general circulation.

Approved,