

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

SEVENTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 8181



Introduced by **HON. RENE L. RELAMPAGOS**
First District, Bohol

EXPLANATORY NOTE

In compliance with the mandate of the 1987 Constitution that, “the Congress shall create an agency to promote the viability and growth of cooperatives as instruments for social justice and economic development”, Republic Act No. 6939 which established the Cooperative Development Authority (CDA) was enacted on March 10, 1990. The creation of the CDA recognized the important role of cooperatives to uplift lives as well as promote social justice and economic development of many Filipinos all over the country.

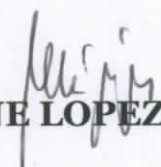
Since its creation twenty eight years ago, the CDA now has over 26,000 registered cooperatives under its wing. Amounting to 14 million individual members, the CDA continues to be a government arm to guide and push every cooperative’s and member’s economic advancement. In 2008, Republic Act 9250, or the Philippine Cooperative Code of 2008, was passed giving additional powers and functions to the CDA.

The steady growth and positive impact of cooperatives coupled with the evolving needs of the cooperatives sector in the country, however, calls for Congress to strengthen the CDA through substantial and structural reforms.

This proposed measure, thus, addresses the need to ensure that CDA remains relevant and effective in its roles and responsibilities. Further, this measure envisions the establishment of the Cooperative Development Academy of the Philippines (CDAP) that focuses on formal and non-formal programs on cooperatives and providing standard training programs for cooperatives officers and members.

Finally, this measure will establish a fund within the CDA which shall be used for its developmental programs as well as reforms in pursuit of sustainable operations and delivery of quality services.

Hence, the passage of this legislative measure is earnestly sought.


RENE LOPEZ RELAMPAGOS

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First District Bohol

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.

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

Section 1. Title. This Act shall be known as the **“COOPERATIVE DEVELOPMENT AUTHORITY REFORM ACT OF 2018.”**

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

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

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

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

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

Section 3. Cooperative Development Authority. - The Cooperative Development Authority created under Republic Act No. 6939, hereinafter referred to as the Authority, is hereby reformed and strengthened to carry out the provisions of this Act and those of Republic Act No. 9520, otherwise known as the "*Philippine Cooperative Code of 2008*".

The Authority shall have its national office in Metro Manila, and shall maintain regional, provincial offices and in such places as the proper conduct of its business shall require. In the case of the National Capital Region (NCR), the same shall be comprised of field district offices. The Authority shall be an agency attached to the Office of the President for policy and program coordination.

Section 4. Powers, Functions and Responsibilities. - The Authority shall exercise the following powers, functions and responsibilities:

A. Registration.

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

B. Developmental.

1. Formulate, adopt, and implement integrated plans, programs and activities on cooperative development consistent with the national socio-economic policy of the government;
2. Develop and conduct management and training programs that will provide members of cooperatives with the entrepreneurial capabilities, managerial expertise, and technical skills required for the efficient operation of their cooperatives;
3. Provide technical and professional assistance to ensure the viability and growth of cooperatives giving special concern for agriculture, fishery and economically depressed sectors;
4. Provide assistance on cooperative product development and facilitate their marketing both in domestic and international market;
5. Establish a consultative mechanism for the formulation of the Philippine Cooperative Medium Term Development Plan (PCMTDP), the necessary standards, rules or regulations for cooperative governance, management, financial performance, training and education;
6. Administer all grants and donations exclusively intended for cooperatives coursed through the Authority for cooperative development, without prejudice to the right of cooperatives to directly receive and administer such grants and donations upon agreement with the grantors and donors thereof;
7. Create or establish a fund for the enterprise development programs, projects and activities of cooperatives;
8. Establish and operate the Cooperative Development Academy of the Philippines (CDAP) ;

9. Formulate, adopt and implement educational and technological exchange programs both domestic and international;
10. Grant awards, recognition and incentives to cooperatives, partners and leaders;
11. Gather, analyze, disseminate, publish information on cooperatives and their members subject to the provisions of the Data Privacy Act of 2012;

C. Regulation and Monitoring.

1. Order the cancellation of the Certificate of Registration of cooperatives and/or revocation of the Letter of Authority and/or Certificate of Authority to establish satellite and branch offices, respectively, after due notice and hearing;
2. Issue cease and desist orders for violation of cooperative laws, rules, regulations, issuances of the Authority and articles of cooperation and by-laws of cooperatives;
3. Prescribe and collect reasonable fees, fines and charges in the performance of its functions;
4. Conduct an investigation, file necessary charges, discipline, suspend and/or remove erring cooperative officers and members for violation of cooperative laws, rules, regulations issuances of the Authority and articles of cooperation and by-laws after due process in accordance with the rules and regulations as may be promulgated by the Authority;
5. To represent the CDA as voting member in the governing board of the Landbank of the Philippines (LBP) and the Development Bank of The Philippines (DBP) to advance cooperative development;
6. Represent the CDA in the Regional Development Council (RDC) as a regular voting member thereof;
7. Exercise supervision and jurisdiction over all types and categories of cooperatives registered with the Authority;
8. Require cooperatives to submit reports as may be prescribed by the Authority;
9. Compel the cooperative to call a General Assembly in accordance with cooperative laws and the by-laws under the supervision of the Authority, subject to the criteria or condition to be defined in the implementing rules and regulations issued for this purpose;
10. To act as back up repository of cooperative documents as part of the business continuity management of cooperatives in case of man-made or natural calamities and disasters subject to such conditions to be defined in the implementing rules and regulations issued for this purpose.

D. Adjudication.

1. Exercise quasi-judicial power to adjudicate intra and inter cooperative disputes;
2. Issue subpoena 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;

3. Implement and enforce its decision with the assistance of deputized law enforcement agencies or the local government unit concerned as may be necessary;
4. Summarily cite for direct contempt any person guilty of misconduct in the presence of the Authority which seriously interrupts any hearing or inquiry and impose a fine of not more than Five Thousand Pesos (P5000.00) or imprisonment of not more than ten (10) days, or both. Acts constituting indirect contempt as defined under Rule 71 of the Rules of Court shall be punished in accordance with the said Rule;
5. Mediate and conciliate disputes within a cooperative or between cooperatives upon request of both parties;
6. Impose sanctions for violations or non-compliance with lawful orders, rules and regulations of the Authority, including the Articles of Cooperative and By-Laws of the cooperative subject to conditions as defined in the implementing rules and regulations of this Act;
7. Exercise such other powers and functions as may be necessary to implement the provisions of cooperative laws and of this charter.

Section 5. Governing Body. — The Authority shall be governed by a Board of Administrators acting as a collegial body. The Board shall consist of a Chairperson as the Chief Executive Officer (CEO) with the rank of a Cabinet Secretary, and six (6) members to be appointed by the President, all of whom shall be chosen from among the nominees of the cooperative sector with two (2) representatives each from Luzon, Visayas and Mindanao. Provided that there shall be at least three (3) female members of the Board. They shall serve for a term of six (6) years without reappointment.

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

Section 6. Qualifications of Members of the Governing Board. No person shall be appointed Chairperson or member of the Board of Administrators unless he possesses the following qualifications:

- (a) A natural-born Filipino citizen;
- (b) The Chairperson shall be a holder of Doctorate degree while the members of the Board shall be a holder of Master's degree or its equivalent with dissertation/thesis related to cooperative development;
- (c) The Chairperson shall be a resident of the Philippines for at least five (5) years, while, the members of the Board must be bona fide residents of the regions they represent for at least five (5) years prior to appointment, and
- (d) The members of the Board shall have at least five (5) years of experience on cooperative development.

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

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

Section 8. Removal from Office. The President of the Philippines may remove the Chairperson or any member of the Board of Administrators for any of the following reasons:

- a) Physically or mentally incapacitated to properly discharge the duties and responsibilities of the position and such incapacity has lasted more than six (6) months; and
- b) Found guilty by final judgement 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 and the cooperative sector.

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

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

Section 11. Structure of the Authority. The Authority shall be comprised of the CDA Board, Department Offices, regional, and provincial offices. In the case of NCR, the same shall be comprised of field district offices.

Section 12. Department Offices. The department offices shall consist of the Legal Department; Registration and Supervision Department; Institutional Development Department; Cooperative Surety Fund Department; General Administrative and Support Services Department; and Information Technology Department.

Section 13. Cooperative Officers Training Standards. – The Authority, in coordination with the Cooperative Development Academy of the Philippines (CDAP) and other higher learning training institutions, and in consultation with the cooperative sector, shall formulate a standard of training requirements for cooperative officers and members: *Provided*, that the training requirements shall be optional for cooperative members. The Authority shall likewise formulate a system of recognition and accreditation of units or equivalent training that an officer has undertaken through formal or non-formal education.

The Authority may accredit organizations other than cooperatives but duly registered under Philippine laws and engaged in cooperative promotion, organization, research and

education as non-academic training institutions. The training courses offered by them may be eligible as credits for purposes of academic, professional and career advancements of their trainees.

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

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

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

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

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

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

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

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

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

1. An initial amount of Two Hundred Fifty Million Pesos(250,000,000.00) sourced from the General appropriations fund;

2. Foreign and Domestic Grants and Donations;
3. Levies imposed by existing laws for the development of cooperatives; and
4. Such other sources as are now provided by existing laws or as may be provided for in the future.

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

Section 18. Disaster Risk Reduction and Management Fund. A fund shall be set aside for cooperative business continuity management, to support disaster risk management activities, disaster rehabilitation and recovery and post-disaster activities of the Authority.

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

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

Section 21. Appropriations. The amount needed for the implementation of this Act shall be included in the General Appropriations Act.

Section 22. Transitory Provisions. All incumbent Members of the Board of Administrators shall serve until the expiration of their terms as provided under Republic Act No. 6939.

Section 23. Newly Organized Authority. The Authority shall be strengthened within one hundred twenty (120) days from the effectivity of this Act. The Cooperative Development Authority created under Republic Act No. 6939 is hereby reorganized and its employees are hereby absorbed in accordance with its staffing pattern, subject to Civil Service rules and regulations and rules of the DBM: Provided, finally, That those who opt to retire or to separate from office voluntarily shall be given separation pay computed at one and one-half (1 1/2) month's salary for every year of service. A fraction of a year of service shall be considered 1 year.

Section 24. Implementing Rules and Regulations. The Authority, in consultation with other government agencies concerned, shall issue within one hundred twenty (120) days from the effectivity of this Act, the rules and regulations for the effective implementation thereof. Such implementing rules and regulations shall take effect within fifteen (15) days after publication thereof in at least two (2) newspapers of general circulation.

Section 25. *Separability Clause.* If any provision of this Act shall be declared unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

Section 26. *Repealing Clause.* Republic Act No. 6939 shall be repealed. All laws, decrees, executive orders, rules and regulations and other issuances or parts thereof which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

Section 27. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved.