

[REPUBLIC ACT NO. 11364, August 08, 2019]

**AN ACT REORGANIZING AND STRENGTHENING THE
COOPERATIVE DEVELOPMENT AUTHORITY, REPEALING FOR THE
PURPOSE REPUBLIC ACT NO. 6939, CREATING THE
COOPERATIVE DEVELOPMENT AUTHORITY**

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

SECTION 1. *Short Title.* - This Act shall be known as the "Cooperative Development Authority Charter of 2019".

SEC. 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 15, Article XII of the 1987 Constitution.

The State recognizes 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. The State also recognizes the Cooperative Development Authority as primarily responsible for the institutional development and regulation of cooperatives through partnership with the cooperative sectors and the academe. Accordingly, the State recognizes the right of the cooperatives to initiate and foster within their own ranks cooperative promotion, organization, training, information gathering, audit and support services, with government assistance where necessary.

In furtherance of this policy, the National Economic and Development Authority (NEDA) and the Department of Trade and Industry (DTI) shall include the promotion of growth and expansion of cooperatives as major and indispensable components of national development plans. The Department of Finance (DOF) and the Department of Budget and Management (DBM) shall provide the mechanism to ensure availability of resources to implement such plans.

The government and all its branches, subdivisions, instrumentalities and agencies shall continue to provide technical guidance, financial assistance and other services to enable the cooperatives to develop into viable and responsive economic enterprises towards a strong cooperative movement, free from condition which infringes upon the objectives and character of cooperatives. The State shall, except as provided in this Act, maintain the policy of noninterference in the management and operations of cooperatives.

SEC. 3. *Cooperative Development Authority (CDA).* - The CDA created under Republic Act No. 6939, hereinafter referred to as the Authority, is hereby strengthened and reorganized to carry out the provisions of this Act and those of Republic Act No. 6938, as amended by Republic Act No. 9520, otherwise known as the "Philippine Cooperative Code of 2008".

The Authority shall have its head office in the National Capital Region (NCR), and shall maintain the existing sixteen (16) extension offices. In the case of the NCR, the same shall be comprised of field district offices and shall maintain offices and branches in such other places as the proper conduct of its business shall require.

The Authority shall be an agency attached to the DTI for policy and program coordination for cooperatives.

SEC. 4. *Powers, Functions and Responsibilities.* — The Authority shall have the following powers and functions:

(a) Develop and formulate, in consultation with the cooperative sector and other concerned institutions, appropriate regulations, standards, rules, orders, guidelines and/or circulars to implement this Act and Republic Act No. 9520 to ensure the effective and sound operation of cooperatives;

(b) Formulate, adopt and implement integrated and comprehensive plans and programs on cooperative development consistent with the national policy on cooperatives and establish an integrated framework on cooperative development for all government agencies; :

(c) Register all cooperatives including amendments to the Articles of Cooperation and Bylaws (ACBL), division, merger, and consolidation;

(d) Authorize the establishment of branches and satellite offices of cooperatives;

(e) Issue Certificate of Recognition to organized Laboratory Cooperatives;

(f) Exercise supervision and jurisdiction over all types and categories of cooperatives registered with the Authority;

(g) Require the submission of annual reports, audited financial statements, and such reports in compliance with Republic Act No. 9520, in such forms as may be prescribed by the Authority;

(h) Create an information system from the reports and other documents submitted by cooperatives;

(i) Promulgate and issue guidelines on the specific use and utilization of statutory funds and obligations that will achieve the real intent and spirit of establishing such funds and obligations for the benefit of the cooperatives and communities they serve;

(j) Prescribe and collect reasonable fees, fines or charges in the performance of its registration and regulatory functions;

(k) Require registered cooperatives to develop business continuity plans to address all kinds of risks;

(l) Grant awards, recognition and incentives to cooperatives, cooperative leaders and partners;

(m) 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;

(n) Conduct regular inspection or examination of a cooperative in accordance with the rules and regulations promulgated by the Authority and, when deemed necessary, conduct examination and investigation to protect the interest and welfare of the members of cooperatives and the general public.

For this purpose, cooperative federations, unions, local government units (LGUs), cooperative development offices (CDOs), cooperative federations and unions, and the alliance of cooperatives representing all types and categories of cooperatives as the consultative and coordinating body of the Authority, may be requested by the Authority to assist in the inspection and examination of a cooperative;

(o) Develop and conduct management and training programs that will provide members of cooperatives with the entrepreneurial capabilities, managerial expertise, and technical skills required for efficient operation of their cooperatives and inculcate in them the true spirit of cooperativism and provide, when necessary, technical and professional assistance to ensure the viability and growth of cooperatives with special concern for agrarian reform, agriculture, fishery and the economically depressed sectors;

(p) Conduct investigations, file necessary charges, discipline, suspend and/or remove erring officers and members of the cooperative for violation of cooperative laws, rules, regulations, issuances of the Authority, the AGBL, after due process, and direct the general assembly to replace the suspended/removed officers, in accordance with the rules and regulations as may be promulgated by the Authority;

(q) Order the suspension or cancellation of the Certificate of Registration of cooperatives and/or the revocation of the Letter of Authority and/or Certificate of Authority to establish and operate satellite or branch offices, respectively, after due notice and hearing for noncompliance with lawful orders, rules and regulations of the Authority, including the ACBIL of the cooperative subject to the conditions as defined in the implementing rules and regulations (IRR) of this Act;

(r) Order the dissolution and liquidation of cooperatives as well as the transfer of all or substantially all of their assets and liabilities;

(s) Compel the cooperative to call a general or representative assembly, as deemed necessary, under the supervision of the Authority with the participation of their respective cooperative federations or unions, subject to the criteria or conditions to be defined in the IRR issued for this purpose;

(t) Hear and decide inter-cooperative and intra- cooperative disputes, controversies and/or conflicts, without prejudice to filing of civil and/or criminal cases by the parties concerned before the regular courts: *Provided*, That all decisions of the Authority are appealable directly to the Court of Appeals;

(u) Adopt and implement a dispute resolution mechanism that will settle conflicts between and among members, officers, and directors of cooperatives, and between and among cooperatives in accordance with Article 137 of Republic Act No. 9520, which amended Republic Act No. 6938, and Republic Act No. 9285, otherwise known as the "Alternative Dispute Resolution Act of 2004". However, in case of election related issues, the aggrieved party may elevate the case for adjudication to the Authority without undergoing through the alternative dispute resolution;

(v) Issue cease and desist orders to cooperatives and responsible parties specified under Article 137 of Republic Act No. 9520, and such other orders and notices to preserve the assets and documents of the cooperatives subject of the dispute or litigation;

(w) Issue *subpoena ad testificandum* and *subpoena duces tecum* for the parties to appear and produce documents 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;

(x) Cite for 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 (P5,000.00) 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;

(y) Implement and enforce its decision and orders with the assistance of deputized law enforcement agencies or the LGU concerned as may be necessary;

(z) Recognize sectoral apex organizations and a national alliance representing all types and categories of cooperatives which shall function as the overall consultative and coordinating body with the Authority, for this purpose, the pertinent provisions of Republic Act No. 9520 are hereby amended accordingly, and the Authority shall issue the necessary IRR for this provision;

(aa) Establish a consultative mechanism consistent with Section 18 of this Act in order to provide the cooperative sector a system to ensure participation on matters concerning government plans, programs, and policies affecting cooperatives;

(bb) Coordinate with the provincial, city, or municipal cooperative offices the adoption and implementation of national plans, programs and policies on cooperative development, and to establish partnership in the promotion, organization, and development of cooperatives within the jurisdiction of the LGUs;

(cc) Establish the formation and organization of cooperative development councils in the national, regional, provincial, city and municipal levels in order to provide the cooperative movement a system for policy consultation and program coordination in accordance with the guidelines to be prescribed by the Authority;

(dd) Collaborate with concerned agencies that can provide technical, professional, and marketing assistance including trainings on transfer of technology to ensure the viability, growth, competitiveness and innovativeness of cooperatives giving special concern to agrarian reform, agriculture, fishery and the economically depressed sectors;

(ee) Provide assistance on cooperative product development and facilitate their marketing both in the domestic and international market in coordination with the concerned agencies;

(ff) Designate a representative in the Regional Development Council (RDC) and in its sectoral committees, as a regular voting member thereof;

(gg) Establish linkages with the academe and other institutions, both local and international, for education, training and research for cooperatives;

(hh) Formulate, adopt and implement an educational and technological exchange program both in domestic or international levels;

(ii) Formulate, adopt and implement, in a manner consistent with Section 17 of this Act, a standard of training for cooperative officers or members which shall focus on basic cooperative principles and values, good governance, business and entrepreneurial management, human resource management, risk management, conflict management, and technical skills required for the efficient and effective operations of the cooperatives;

(jj) Establish and maintain a continuing educational and capability building program for the Authority; and

(kk) Exercise such other powers and functions as may be necessary to implement the provisions of this Act and of Republic Act No. 9520.

SEC. 5. *The Board of Directors.* — The Authority shall have a Board of Directors, which shall be the collegial policy-making body of the Authority. It shall be composed of the Chairperson, with the rank and privilege of an Undersecretary, and six (6) Members of the Board, with the rank and privilege of an Assistant Secretary, all of whom shall be appointed by the President of the Philippines and chosen among the nominees from the cooperative sector. There shall be one (1) board of director from each of the following cluster of cooperatives:

(a) Credit and Financial Services, Banking, and Insurance;

(b) Consumers, Marketing, Producers, and Logistics;

(c) Human Services: Health, Housing, Workers, and Labor Service;

(d) Education and Advocacy;

(e) Agriculture, Agrarian, Aquaculture, Farmers, Dairy, and Fisherfolk; and

(d) Public Utilities: Electricity, Water, Communications, and Transport.

The Secretaries of the DTI and the Department of the Interior and Local Government (DILG) shall serve as *ex officio* Members of the Board and may designate an alternate in a permanent capacity with a rank of at least an Assistant Secretary and whose acts shall be considered as that of the principal.

As far as practicable, there shall be at least one (1) lawyer Member of the Board, and gender balance shall be observed in the membership of the Board.

SEC. 6. *Powers and Functions of the Board.* — The Board as a collegial body shall be responsible for policy formulation strategic planning and direction setting of the agency and shall exercise the following powers and functions:

(a) Formulate policies, rules and regulations consistent with the provisions of Republic Act No. 9520 and this Act;

(b) Adopt IER for the conduct of the internal operations of the Authority;

(c) Organize the operating structure and functions of the Authority;

(d) Approve the work and financial plan of the Authority;