

PROPOSED DRAFT OF THE IMPLEMENTING RULES AND REGULATIONS OF R.A. NO. 11364 OR OTHERWISE KNOWN AS THE "COOPERATIVE DEVELOPMENT AUTHORITY CHARTER OF 2019"

As part of the compliance of Section 26 of R.A. No. 11364 or otherwise known as the Cooperative Development Authority Charter of 2019, which provides that, ***“the Board shall, in consultation with the cooperative sector and other concerned government agencies, formulate the IRR, within ninety (90) days upon the effectivity of the Act. XXX.”***, the ***PROPOSED DRAFT OF THE IMPLEMENTING RULES AND REGULATIONS OF R.A. NO. 11364*** is now presented for the submission of comments, inputs, suggestions and position paper from the cooperative sector. The said comments, inputs, suggestions and position paper, indicating thereon the name and address of the cooperative should be forwarded to legal@cda.gov.ph, on or before November 6, 2019.

IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 11364, OTHERWISE KNOWN AS “COOPERATIVE DEVELOPMENT AUTHORITY CHARTER OF 2019”

Pursuant to the authority vested upon the Board of Directors of the CDA under Section 26 of the Act, otherwise known as the “Cooperative Development Authority Charter of 2019”, the following Implementing Rules and Regulations (IRR) are hereby promulgated:

RULE I GENERAL PROVISIONS

Section 1. Title. – These rules and regulations shall be known as the “Implementing Rules and Regulations of Republic Act No. 11364”.

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 fulfilment 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 that infringes upon the objectives and character of cooperatives. The State shall, except as provided in this Act, maintain the policy of non-interference in the management and operations of cooperatives.

RULE II DEFINITION OF TERMS

Section 1. Definition of Terms. – For purposes of this Implementing Rules and Regulations, the following terms are defined:

R.A. No. 9520 – refers to an Act amending the Cooperative Code of the Philippines to be known as the "Philippine Cooperative Code of 2008".

Adjudication – refers to the authority to hear and decide cases and to enforce decisions in accordance with law.

Alternative Dispute Resolution – refers to any process or procedure used to resolve a dispute or controversy other than by adjudication of a presiding judge of a court or an officer of a government agency, as defined by R.A. No. 9285 or the "*Alternative Dispute Resolution Act of 2004*", in which a neutral third party participates and assist in the resolution of issues, which includes arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof.

Arbitration – refers to a voluntary dispute resolution process in which one or more arbitrators resolve a dispute by rendering an award.

Authority – refers to the Cooperative Development Authority, a government agency created by virtue of Republic Act No. 6939, as amended by Republic Act No. 11364, in compliance with the provisions of Section 15, Article XII of the Philippines Constitution of 1987 which mandates Congress to create an agency to promote the viability and growth of

cooperatives as instruments of equity, social justice and economic development.

Certificate of Authority – refers to the official document issued by the Authority authorizing the establishment and operation of a cooperative branch office.

Consultation – refers to a structured public engagement which involves seeking, receiving, analyzing and responding to feedback from stakeholders.

Cooperative – refers to an autonomous and duly registered association of persons, with a common bond of interest, who have voluntarily joined together to achieve their social, economic, and cultural needs and aspirations by making equitable contributions to the capital required, patronizing their products and services and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles.

Cooperative Development Council (CDC) – refers to a multi-sectoral body created to provide a system with regard to policy consultation and coordination of cooperative programs and projects to be established at the national, regional, provincial, city, and municipal levels under the supervision of the CDA.

Cooperative Development Office (CDO) – refers to a local government office primarily responsible for the formulation and implementation of the LGU's cooperative development programs.

Federation – refers to a cooperative the members of which are primary and/or secondary cooperatives engaged in a single line or multiple business and registered with the Authority.

Inter-Cooperative Disputes – refers to disputes between one cooperative and another cooperative.

Intra-Cooperative Disputes – refers to disputes between and among the officers and members of the cooperative

Letter of Authority – refers to the official document issued by the Authority authorizing the establishment and operation of a cooperative satellite office.

Local Government Units (LGUs) – refer to the units of the local government which are divided into three levels – provinces and independent cities; component cities and municipalities; and barangays. In one area, above provinces and independent cities, is an autonomous region.

Recognition – refers to the act of acknowledging the existence or the validity of a certain entity or organization without however, bestowing juridical personality upon the latter.

Regional Development Council (RDC) – refers to the highest policy-making body in the regional development and serves as the counterpart of the NEDA-Board at the subnational level. The RDC is the primary institution that coordinates and sets the direction of all economic and social development efforts in the region. It also serves as a forum where local efforts can be related and integrated with national development initiatives.

Regulation – refers to the function of the Authority to issue and implement laws, formal or informal order and subordinate rules.

Subpoena *ad testificandum* – refers to a process directed to a person requiring him to attend and to testify at the hearing or the trial of an action, or at any investigation conducted by competent authority, or for the taking of his deposition.

Subpoena *duces tecum* – refers to a process directed to a person requiring him to bring with him any books, documents, or other things under his control necessary in the hearing or trial of an action, or at any investigation conducted by competent authority.

Supervision – refers to the action or process of assessing the cooperative’s overall condition in compliance with laws, rules and standards that will ensure its safe and sound operation.

Training Standards – refer to set of rules of measures in the conduct of training which may include curriculum design, training delivery, trainee entry requirements, training tools and equipment and trainer qualifications.

Union – refers to a category of cooperative organized and joined by cooperatives of all types and federations that will represent their interest and welfare of at the provincial, city, regional, and national levels.

RULE III

MANDATE, POWERS, FUNCTIONS AND RESPONSIBILITIES

Section 1. Mandate - The CDA, as the lead agency in the development and regulation of cooperatives, shall promote their viability and growth as instruments of equity, social justice and economic development. It shall primarily be responsible for the implementation of the provisions of Republic Act (R.A.) No. 11364, otherwise known as “*An Act Reorganizing or Strengthening the Cooperative Development Authority, repealing for the purpose RA No. 6939, creating the Cooperative Development Authority*”; R.A. No. 9520,

otherwise known as the “*Philippine Cooperative Code of 2008*” and R.A. No. 10744, or otherwise known as the “*Credit Surety Fund Cooperative Act of 2015*” and their implementing rules and regulations.

Section 2. Powers, Functions and Responsibilities – In pursuance to the foregoing mandate, the Authority shall have developmental, regulatory and adjudicatory powers, functions and responsibilities as follows:

A. DEVELOPMENTAL

1. 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;
2. Require registered cooperatives to develop business continuity plans to address all kinds of risks;
3. Grant awards, recognition and incentives to cooperatives, cooperative leaders and partners;
4. 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;
5. 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;
6. 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 R.A. No. 9520 are hereby amended accordingly;
7. Establish a consultative mechanism consistent with Sec. 18 of the Act in order to provide the cooperative sector a system to ensure participation on matters concerning government plans, programs, and policies affecting cooperatives;
8. Coordinate with the provincial, city, or municipal cooperative offices the adoption and implementation of national plans, programs and

policies of cooperative development, and to establish partnership in the promotion organization, and development of cooperatives within the jurisdiction of the local government units;

9. 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;
10. Collaborate with concerned agencies that can provide technical, professional, 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;
11. Provide assistance on cooperative product development and facilitate their marketing both in the domestic and international market in coordination with the concerned agencies;
12. Designate a representative in the Regional Development Council (RDC) and in its sectoral committees, as a regular voting member thereof;
13. Establish linkages with the academe and other institutions, both local and international, for education, training and research for cooperatives;
14. Formulate, adopt and implement an educational and technological exchange program both in domestic or international levels; and
15. Formulate, adopt and implement, in a manner consistent with Sec. 17 of the 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.

B. REGISTRATION AND REGULATION

1. REGISTRATION

- a. Register all cooperatives including amendments to the Articles of Cooperation and By-Laws (ACBL), division, merger, and consolidation;

- b. Authorize the establishment of branch and satellite offices of cooperatives; and
- c. Issue Certificate of Recognition to organized Laboratory Cooperatives.

2. **SUPERVISION AND EXAMINATION**

- a. Exercise supervision and jurisdiction over all types and categories of cooperatives registered with the Authority;
- b. Develop and formulate, in consultation with the cooperative sector and other concerned institutions, appropriate regulations, standards, rules, orders, guidelines and/or circulars to implement the Act and R.A. No. 9520 to ensure the effective and sound operation of cooperatives;
- c. Require the submission of annual reports, audited financial statements and such reports in compliance with the R.A. No. 9520, in such forms as may be prescribed by the Authority;
- d. 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;
- e. Prescribe and collect reasonable fees, fines or charges in the performance of its registration and regulatory functions;
- f. 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 implementing rules and regulations issued for this purpose;
- g. 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 cooperative; and

- j. Create an information system from the reports and other documents submitted by cooperatives;

C. ADJUDICATION

1. 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 articles of cooperation and by-laws, 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;
2. 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;
3. 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 R.A. No. 9520, which amended R.A. No. 6938, and R.A. 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;
4. Issue cease and desist orders to cooperatives and responsible parties specified under Article 137 of R.A. No. 9520, and such other orders and notices to preserve the assets and documents of the cooperatives subject of the dispute or litigation;
5. 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;
6. 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 (Php5,000.00) 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;

7. Implement and enforce its decision and orders with the assistance of deputized law enforcement agencies or the local government unit concerned as may be necessary;
8. 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 non-compliance with lawful orders, rules and regulations of the Authority, including the articles of cooperation and by-laws of the cooperative subject to the conditions as defined in the implementing rules and regulations of this Act; and
9. Order the dissolution and liquidation of cooperatives as well as the transfer of all or substantially all of their assets and liabilities.

The Authority shall exercise such other powers and functions as may be necessary to implement the provisions of R.A. No. 11364, R.A. No. 9520, R.A. No. 10744 and other related laws.

Section 3. Institutional Strengthening. To enable the Authority to implement its powers, functions and responsibilities, it shall exercise other inherent powers such as but not limited to the establishment and maintenance of a continuing educational and capability-building program for the Authority.

RULE IV GOVERNANCE AND ADMINISTRATION

Section 1. 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 board 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
- f. Public Utilities: Electricity, Water, Communications, and Transport;

As far as practicable, there shall be at least one lawyer member of the board, and gender balance shall be observed in the membership of the board.

The Secretaries of the Department of Trade and Industry (DTI) and the Department of 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.

The said ex-officio members can participate in the deliberation during Board meetings, but shall have no voting rights. They shall be entitled to reasonable per diem to be determined by DBM subject to existing rules and regulations.

Section 2. 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 R.A. No. 11364, R.A. No. 9520 and R.A. No. 10744;
- 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;
- d. Approve the work and financial plan of the Authority;
- e. Approve annual, medium-term and long-term cooperative development plans of the Authority consistent with the over-all socio-economic development policy of the national government;
- f. Provide overall direction to the Authority, defining the respective roles of the national government agencies (NGAS), LGUs, people's organizations, private sector and non-government organizations (NGOs) in the promotion and development of the cooperative sector;
- g. Conduct regular policy consultations with the cooperative sector, government agencies, LGUs, people's organizations, private sector, NGOs, and other stakeholders on the Authority's policies, programs and initiatives;
- h. Decide cases involving cooperatives that are submitted to the Board for resolution;
- i. Authorize the Chairperson or the Administrator to enter into contracts or agreements in behalf of the Authority;

- j. Approve and submit the annual proposed budget of the Authority to the President of the Philippines through the DBM;
- k. Appoint Deputy Administrators; and
- l. Formulate rules and regulations and exercise such other powers as may be required to implement the objectives of this Act.

In aid of policy formulation, each member of the Board of Directors shall steer the cluster of which he/she represents and shall:

- a. Propose to the Board policy initiatives in accordance to the national development agenda, and/or agenda for the development of the cluster he/she represents;
- b. Spearhead and facilitate the conduct of regular consultations;
- c. Be primarily responsible in encouraging peace, unity and solidarity within the cluster he/she represents;
- d. Conduct research for the development of the cluster;
- e. Report to the Board his/her accomplishments; and
- f. Represent the Authority in hearings or meetings in Congress and other government institutions on issues affecting their respective clusters.

Section 3. Appointment and Qualification of Administrator. The Administrator of the Authority shall be appointed by the President of the Philippines, as recommended by the Board of Directors and who shall have the rank of an Assistant Secretary, who must possess the following qualifications:

- a. Natural-born Filipino citizen;
- b. Holder of any bachelor's degree;
- c. Must possess the necessary Civil Service Eligibility; and
- d. With five (5) years of experience as an officer of a cooperative or official or employee in a government office or NGO dealing with cooperatives. Any person appointed as Administrator shall, upon appointment, divest oneself of any direct or indirect pecuniary interest or dealings with any cooperative.

Section 4. Powers and Functions of the Administrator. The Administrator shall execute and administer the policies, decisions, orders and resolutions approved by the Board and shall have the general executive direction and

supervision of the work and operation of the Authority. Specifically, the Administrator shall have the following powers and functions:

- a. Prepare, consolidate and submit periodic reports for the consideration of the Board;
- b. Implement a human resource management system in accordance with existing Civil Service laws, rules and regulations that will promote professionalism and excellence in accordance with sound principles of management;
- c. Prepare the proposed annual and supplemental budget of the Authority for the consideration and approval of the Board;
- d. Submit report to the President of the Philippines and Congress on the performance and accomplishment of the Authority on an annual basis;
- e. Appoint personnel lower than the position of Deputy Administrators;
- f. Represent the Authority in all undertakings and where its presence is required; and
- g. Perform such other functions as may be required by law.

Section 5. Deputy Administrators. There shall be five (5) Deputy Administrators appointed by the Board of Directors who shall assist the Administrator, and who will be charged with the following specific concerns:

- a. General Administration and Support Services;
- b. Institutional Development;
- c. Legal Affairs;
- d. Registration, Supervision and Examination; and
- e. Credit Surety Fund (CSF)

Section 6. CDA Regional Offices. The Authority shall establish and maintain extension offices in each of the following administrative regions and shall be known as: CDA CAR Regional Office, CDA NCR Office, CDA Regional Office I, CDA Regional Office II, CDA Regional Office III, CDA Regional Office IV-A, CDA MIMAROPA Regional Office, CDA Regional Office V, CDA Regional Office VI, CDA Regional Office VII, CDA Regional Office VIII, CDA Regional Office IX, CDA Regional Office X, CDA Regional Office XI, CDA Regional Office XII, and CDA Regional Office XIII.

In the case of the NCR, it shall have four (4) field district offices which shall be referred to as: CDA-NCR Capital District Office, CDA-NCR Northern District Office, CDA-NCR Eastern District Office and CDA-NCR Southern District Office. For other regions, the Authority shall likewise establish offices in each province, highly urbanized and independent component cities in

accordance with applicable laws and in such other places as the proper conduct of its business shall require. These offices shall be referred to as CDA Field Offices and will be properly identified by the name of province or city.

Section 7. Staffing Pattern. The Board of Directors shall approve the organizational structure and staffing pattern complement necessary for the operationalization of the CDA in accordance with the existing regulations of the Department of Budget and Management (DBM), the Civil Service Commission (CSC) and other relevant agencies.

RULE V PARTNERSHIP AND COMPLEMENTATION

Section 1. Legal Bases. The legal bases of this Rule are Section 18, Section 4 (a) (b) (aa) (bb) (cc) (dd) (ee) (ii) and Sec. 6 (f) of the Act quoted as follows:

Section 18. Partnership with the Cooperative Sector. *A strong partnership between the Authority and the cooperative sector and the academe shall be established in implementing the developmental functions of the Authority as stated herein Section 4, paragraphs (a), (b), (aa), (bb), (cc), (dd), (ee), (ii) and (jj), and Sec 17 of this Act to ensure the maximum participation of the cooperative sector on matters of government plans, projects and policies affecting cooperatives.*

The Authority, the cooperative sector, and the academe shall formulate guidelines for the implementation of the partnership that may give rise to the recognition of apex organizations and a national alliance representing all types and categories of cooperatives, as provided for under Sec. 4 (z) of this Act, that shall function as the overall consultative and coordinating body with the Authority.

The Authority shall recognize cooperative unions and federations under Articles 24 and 25 of RA No. 9520, and issue guidelines to promote and develop these secondary cooperatives.

Section 4 (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 RA No. 9520 to ensure the effective and sound operation of cooperatives.*

Section 4 (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.*

Section 4 (aa) *Establish a consultative mechanism consistent with Sec. 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.*

Section 4 (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 local government units.*

Section 4 (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.*

Section 4 (dd) *Collaborate with concerned agencies that can provide technical, professional, 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.*

Section 4 (ee) *Provide assistance on cooperative product development and facilitate their marketing both in the domestic and international market in coordination with the concerned agencies.*

Section 4 (ii) *Formulate, adopt and implement, in a manner consistent with Sec. 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.*

Section 6 (f) *powers and function of the Board. Provide overall direction to the Authority, defining the respective roles of the national government agencies (NGAS), LGUs, people's organizations, private sector and non-government organizations (NGOs) in the promotion and development of the cooperative sector.*

Section 2. CDA as the lead agency in cooperative development. The CDA, as the lead agency of the government in the promotion and development of cooperatives shall synchronize the efforts of other relevant government

institutions towards the common goal of empowering the cooperatives in achieving their growth as instrument of equity, social justice and economic development.

Section 3. National Coordinating Committee. All government branches, instrumentalities, subdivisions and agencies with programs and projects concerning cooperatives shall coordinate such programs and projects with the Authority with a view to providing a comprehensive technical and financial program for cooperatives, through the creation of a National Coordinating Committee chaired by the Authority. The Committee shall be composed of representatives from said government branches, instrumentalities, subdivisions and agencies whose rank should not be lower than Director level in charge with cooperative programs.

Section 4. Partnership with government agencies, branches, and instrumentalities. The Authority shall maximize opportunities for cooperatives through collaboration and partnership with government agencies, branches, and instrumentalities in the implementation of specific plans and programs.

Section 5. Partnership with local government units (LGUs). The Authority recognizes the vital role of the LGU in the promotion, organization, and development of cooperatives in their respective areas. Towards this end, the Authority and the LGU shall ensure constant and close coordination for the effective implementation of the following undertakings:

- a. Formulate Local Cooperative Development Plan consistent with the Philippine Development Plan and the Philippine Cooperative Development Plan, to be incorporated in the Comprehensive Development Plan (CDP) and Annual Investment Plan (AIP) of the Local Government Units (LGUs);
- b. Ensure the provision of technical guidance, financial assistance and other services to develop cooperatives into viable and responsive economic enterprises;
- c. Promote the organization of cooperatives and support their development within their areas of jurisdiction;
- d. Establish partnership and collaboration in the sharing of cooperative information and implementation of cooperative development plans and programs on cooperative promotion, development and regulation;
- e. Assist the cooperatives in the preparation of registration documents and mandatory reports;
- f. Provide training for the development of cooperatives and mandatory training in accordance with guidelines as prescribed by the CDA;

- g. Initiate and implement a localized program for cooperatives promotion and development in line with the national policy on cooperatives within their jurisdiction; and
- h. Provide information as may be required by either party in relation to their respective research projects.

In furtherance of the foregoing, the LGUs are enjoined to designate or appoint a local cooperative officer to take charge of the office for the development of cooperatives.

Section 6. Partnership with Academe. The Authority, in the formulation and implementation of cooperative programs on education, training, and research, shall establish linkages with the academe. The Authority in partnership with the academe shall provide technical assistance and guidance in the cooperatives where they are located.

For this purpose, the Authority, may enter into a written agreement with the academe governing said partnership.

Section 7. Partnership with Private Sector. The Authority, in the promotion, organization and development of cooperatives and to ensure their viability and growth as business enterprises, shall strengthen its partnership with the private sector by soliciting the latter's active involvement and participation in all initiatives involving cooperatives.

Section 8. Partnership with the cooperative sector. Notwithstanding the principles of subsidiarity, autonomy, and independence, the Authority, in consultation with the cooperative sector, shall formulate policies and implement programs affecting the latter.

The scope and extent of the partnership shall be subject to the guidelines to be issued by the Authority.

RULE VI COOPERATIVE TRAININGS

Section 1. Legal Bases. The legal bases of this Rule are Sec. 4 (o), Sec. 4 (ii) and Sec. 17 of the Act quoted as follows:

Sec. 4 (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.

Sec. 4 (ii) *Formulate, adopt and implement, in a manner consistent with Sec. 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.*

Sec. 17. Training Standards for Cooperative Officers and Members. - *The Authority, in partnership with learning and training institutions with the cooperative sector, shall formulate standards of training requirements for cooperative officers and members to ensure compliance thereof.*

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.

Section 2. Development and conduct of training programs. The Authority shall develop and conduct training programs for officers and members of cooperatives which shall focus on entrepreneurial capabilities, managerial expertise and technical skills required for efficient operation of their cooperatives.

Section 3. Development of training standards. The Authority, in partnership with learning and training institutions and the cooperative sector, shall formulate standards of training requirements for cooperative officers and members.

The training curriculum 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 efficient operation of their cooperatives, may also be developed by the Authority, together with cooperatives and other training organizations.

Section 4. Monitoring of compliance with the training standards. The Authority shall monitor compliance with the formulated training standards by cooperatives and other accredited organizations that are duly registered under Philippine laws and engaged in cooperative promotion, organization, research and education, subject to the guidelines to be prescribed by the Authority.

Section 5. Conduct of trainings by other entities. Trainings may be conducted by the cooperatives, private training institutions, government

agencies, local government units, and other accredited training organizations in accordance with the guidelines to be prescribed by the Authority.

Section 6. Accreditation of training providers. The Authority shall issue guidelines on accreditation of training providers in the conduct of trainings consistent with Section 3 of this Rule.

RULE VII COOPERATIVES IN THE EDUCATION SYSTEM

Section 1. Legal Basis. The legal basis of this Rule is Sec. 19 of the Act quoted as follows:

Sec. 19. Cooperatives in the Education System. - *The history, philosophy concepts, values, principles and practices of cooperatives and their role in nation building, shall be part of the curriculum of 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 and in the syllabus of any social and civic studies subject in the K-12 level.

Cooperatives development and administration may be offered as a field of study in the baccalaureate, post baccalaureate and masteral programs in SUCs: Provided, that SUCs may also offer the courses on a non-traditional approach under the equivalency program of such SUCs accrediting the equivalent training that an officer has undertaken to the relevant subject offering in the curriculum: Provided, further that in cases where the SUCs do not offer a separate academic program in cooperative development and administration, the SUCS shall include a three-unit subject in the curricula of accountancy, agribusiness, agriculture, agricultural economics, business, community development, economics, education, environmental sciences, social sciences, political economy and other curricula that can be instrumental in the development of cooperatives.

Section 2. Promotion and integration of cooperatives in the education system. The Authority and the concerned stakeholders shall advocate and conduct activities that will promote cooperatives in educational institutions. Further, the Authority shall enter into an agreement with the Commission on Higher Education (CHED), the Department of Education (DepEd) and the Technical Education and Skill Development Authority (TESDA) for the purpose of implementing the provisions of Sec.19 of R.A. No.11364.

RULE VIII INSPECTION AND EXAMINATION

Section 1. Legal Basis. The legal basis of this Rule is Sec. 4 (n) of the Act quoted as follows:

Sec 4. (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), 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 cooperative;

Section 2. Regular Inspection or Examination. The Authority shall conduct a regular inspection of the cooperatives to ensure their compliance to rules, regulations, issuances and articles of cooperation and bylaws in accordance with the guidelines to be prescribed by the Authority. Regular examination shall be conducted as a result of inspection or after evaluation of the mandatory reports submitted by the cooperatives.

Section 3. Special Examination or Investigation. The Authority shall conduct examination *motu proprio* or upon request by government agencies, or upon written complaint of interested parties in accordance with the guidelines to be prescribed by the Authority. In the conduct of examination, the Authority may enlist the assistance of co-regulators, law enforcement agencies or LGU concerned, as may be deemed necessary.

The Authority shall conduct an investigation upon verified complaint from any member or officer of a cooperative or upon request or referral from any government agency in accordance with the guidelines to be prescribed by the Authority. In the conduct of investigation, the Authority may enlist the assistance of co-regulators or law enforcement agencies concerned, as may be deemed necessary.

Section 4. Assistance to the Authority. Upon request of the Authority in writing, the cooperative federations, unions, the local government units, cooperative development offices, and the alliance of cooperatives may assist the Authority in the performance of its powers of inspection and/or examination pursuant to R.A. No. 11364 and its Implementing Rules and Regulations. Such assistance shall be by way of providing the relevant information such as but not limited to research, reports, and financial records necessary to the inspection and/or examination.

Section 5. Post-inspection/post-examination assistance. Whenever deemed necessary, the federations, unions, the local government units, cooperative development offices, and alliance of cooperatives shall assist the cooperatives to comply with the findings arising from the inspection or examination conducted.

**RULE IX
CALLING OF GENERAL ASSEMBLY/REPRESENTATIVE ASSEMBLY
BY THE AUTHORITY**

Section 1. Legal Bases. The legal bases of this Rule are Sec. 4 (s) and Sec. 4 (p) of the Act quoted as follows:

***Sec 4. (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 implementing rules and regulations issued for this purpose.*

***Sec. 4 (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 articles of cooperation and by-laws, 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.*

Section 2. Instances when the Authority can compel the cooperative to call for a GA/RA meeting. The Authority shall compel the cooperative to either call a regular or special GA/RA meeting in any of the following instances:

- a. If the cooperative fails to call a regular meeting within the date fixed in the by-laws, or if not so fixed, within ninety (90) days after the close of each fiscal year;
- b. Upon petition of ten per centum (10%) of all members of the cooperative who are entitled to vote, and for good cause shown by giving proper notice as required in R.A. No. 9520 or in the bylaws;
- c. To report to the members, the result of any examination, or other investigation of the cooperative affairs as the Authority decides as required under Article 34 of R.A. No. 9520; and
- d. To replace suspended or removed erring officers as directed by the Authority in the exercise of its adjudicatory power.

Section 3. Roles of Federations or Unions. In cases where a cooperative, who is a member of a federation or union, is compelled to call a GA/RA meeting, said federation or union shall be required to participate in the conduct of the GA/RA meeting. In cases of multiple membership in a federation or union, each of the federations or unions to which the cooperative is a member shall send an authorized representative to attend said GA/RA meeting.

The roles of the federation or union representatives are as follows:

- a. Assist the cooperative in ensuring that the procedural process in calling the GA/RA meeting is observed;
- b. Witness the conduct of the meeting;
- c. Provide technical advisory and clarificatory assistance;
- d. Assist the election committee in performing its function in case the GA/RA meeting requires the conduct of election; and
- e. Other functions as the CDA authorizes.

Section 4. Supervision by the Authority. The concerned regional office shall supervise the conduct of the meeting in relation to Section 2 of this Rule.

Section 5. Procedural Guidelines. The Authority shall formulate procedural guidelines in the implementation of this Rule.

RULE X RECOGNITION OF SECTORAL APEX ORGANIZATIONS AND NATIONAL ALLIANCE

Section 1. Legal Basis. The legal basis of this rule is Sec. 4 (z) of the Act quoted as follows:

Sec. 4 (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 RA No. 9520 are hereby amended accordingly, and the Authority shall issue the necessary implementing rules and regulations (IRR) for this provision.

Section 2. Organization and composition of sectoral apex organization. There shall be one apex organization for each clustered sectors, as follows:

- 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
- f. Public Utilities: Electricity, Water, Communications, and Transport.

Section 3. Composition of the regional clustered sector organizations.

Each sector shall be composed of representatives from all categories of cooperatives engaged in business activities or objectives, as authorized in their articles of cooperation, falling under each particular sector. Multipurpose cooperatives may be a member of more than one (1) sector depending on the business activities they are engaged in.

Section 4. Composition of the sectoral APEX organizations. The sectoral APEX organizations shall be composed of the representatives from regional clustered sectoral organizations.

Section 5. National Alliance of cooperatives. The alliance shall be composed of representatives from the recognized clustered sectoral apex organizations at the national level which shall function as the overall consultative and coordinating body of the cooperative sector with the Authority.

Section 6. Organization. The regional sectoral organizations shall be formed by the cooperative sector under the close supervision of the concerned CDA Regional Office.

The representatives from the regional sectoral organizations shall organize the sectoral apex organization at the national level under the close supervision of the CDA head office.

The operation of the organizations and the selection and election of officers shall be in accordance with the internal rules to be promulgated by the organizations.

The purpose and objective of these organizations is solely as overall consultative and coordinating body of the cooperative sector with the Authority.

Section 7. Recognition by the Authority. All regional clustered sectoral organizations, sectoral apex organizations and the national alliance formed and organized shall be duly recognized in accordance with the guidelines to be issued by the Authority.

**RULE XI
CONSULTATIVE MECHANISM**

Section 1. Legal Bases. The legal bases of this Rule under the Act are Section 4 (a), Sec. 4 (aa), Sec. 4 (cc), Sec. 4 (dd), Sec. 4 (z), Sec. 6 (g), and Sec. 18 (2nd paragraph) quoted as follows:

Sec. 4 (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 RA No. 9520 to ensure the effective and sound operation of cooperatives.*

Sec. 4 (aa) *Establish a consultative mechanism consistent with Sec. 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.*

Sec. 4 (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;*

Sec. 4 (dd) *Collaborate with concerned agencies that can provide technical, professional, 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.*

Sec. 4(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 RA No. 9520 are hereby amended accordingly, and the Authority shall issue the necessary implementing rules and regulations (IRR) for this provision.*

Sec. 6 (g) *Conduct regular policy consultations with the cooperative sector, government agencies, LGUs, people's organizations, private sector, NGOs, and other stakeholders on the Authority's policies, programs and initiatives.*

Sec. 18. (par. 2) *The Authority, the cooperative sector, and the academe shall formulate guidelines for the implementation of the partnership that may give rise to the recognition of apex organizations and a national alliance representing all types and categories of cooperatives, as provided for under Sec. 4 (z) of this Act, that shall function as the overall consultative and coordinating body with the Authority.*

Section 2. Consultation with the stakeholders. The Authority shall ensure the widest participation of stakeholders in the formulation of policies, rules, regulations, plans and programs to ensure safe and sound operation of the cooperative and to address the issues and concerns affecting cooperatives. These stakeholders may include but not limited to Cooperative Development Council (CDC), Government Agencies (GAs), Local Government Units (LGUs), Federations, Unions, and Academe.

The composition and the roles and function of these stakeholders shall be in accordance with the guidelines to be issued by the Authority.

Section 3. Modes and conduct of consultations. Consultations shall be either at the initiative of the CDA or of the stakeholders. In the case of the latter, the program and results of said consultations should be submitted to the Authority for consideration and integration in the policies, programs, standards, rules and regulation adopted and implemented by the Authority.

Regional consultation shall be conducted for each clustered sectoral organization. National consultation shall be conducted among the representative of regional sectoral organization. At the initial implementation of this Rules, regional consultation shall be facilitated by CDA Regional Office, while national consultation shall be facilitated by the CDA Central Office. Succeeding consultations shall be conducted by the recognized regional clustered sectoral organizations, clustered sectoral apex organizations and the national alliance of cooperatives.

Consultations may either be in the form of summits, forums, congresses, and/or solicitation of comments, position papers, resolutions, call for actions and suggestions. The social media and internet may be used to optimize the opportunities to gather the result of consultations.

RULE XII ADJUDICATION

Section 1. Legal Bases. The legal bases of this Rule under the Act are Section 4 (p), Sec. 4(t), Sec. 4 (u), Sec. 4 (v), Sec. 4 (w), Sec. 4 (x), Sec. 4 (y), and Sec. 6 (h) quoted as follows:

Sec 4. (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 articles of cooperation and by-laws, 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.*

Sec 4. (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.

Sec 4. (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 RA No. 9520, which amended RA No. 6938, and RA 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.

Sec 4. (v) Issue cease and desist orders to cooperatives and responsible parties specified under Article 137 of RA No. 9520, and such other orders and notices to preserve the assets and documents of the cooperatives subject of the dispute or litigation.

Sec 4. (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.

Sec 4. (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 (Php5,000.00) 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.

Sec 4. (y) Implement and enforce its decision and orders with the assistance of deputized law enforcement agencies or the local government unit concerned as may be necessary.

Sec 6. (h) Decide cases involving cooperatives that are submitted to the Board for resolution.

Section 2. Exclusive Jurisdiction. The Authority shall have exclusive jurisdiction over the following cases:

- a. Complaints against the cooperatives, their officers and or members of cooperatives for violation of cooperative laws, rules and regulations, issuances of the Authority, and its articles of cooperation and bylaws;

- b. Election-related complaints;
- c. Adverse inspection, examination and/or investigation findings against the cooperatives, their officers and/or members for violation of cooperative laws, rules and regulations, issuances of the Authority, and its articles of cooperation and bylaws; and
- d. Other cases falling within the jurisdiction of the Authority and/or analogous to the foregoing.

Section 3. Procedural guidelines. The CDA Regional Offices and the Central Office shall exercise primary jurisdiction over cases falling within their respective area of jurisdiction. Provided, that, decisions of the Regional Offices shall be appealable to the Central Office which decisions are appealable directly to the Court of Appeals. Provided finally, that the Authority shall formulate its rules of procedure for the exercise of its adjudicatory power.

**RULE XIII
SUSPENSION CANCELLATION AND REVOCATION**

Section 1. Legal Bases. The legal bases of this Rule are Sec. 4 (q) and Sec. 4 (r) of the Act quoted as follows:

***Sec 4. (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 non-compliance with lawful orders, rules and regulations of the Authority, including the articles of cooperation and by-laws of the cooperative subject to the conditions as defined in the implementing rules and regulations of this Act.*

***Sec 4. (r)** Order the dissolution and liquidation of cooperatives as well as the transfer of all or substantially all of their assets and liabilities.*

Section 2. Suspension or cancellation of Certificate of Registration. The Authority may suspend, or revoke/cancel, after due notice and hearing, the certificate of registration of a cooperative on any of the following grounds:

- a. Having obtained its registration by fraud;
- b. Existing for an illegal purpose;
- c. Willful violation, despite notice by the Authority, of the provisions of R.A. No. 9520 or its bylaws;
- d. Willful failure to operate on a cooperative basis;

- e. Failure to meet the required minimum number of members in the cooperative; and
- f. Non-compliance with lawful orders, rules and regulations of the Authority, including the articles of cooperation and by-laws of the cooperative

Section 3. Revocation of Letter or Certificate of Authority. The Authority shall order 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 non-compliance with lawful orders, rules and regulations of the Authority, including the articles of cooperation and by-laws of the cooperative.

Section 4. Internal Rules. The Authority shall formulate its internal rules of procedure for the implementation of this Rule.

RULE XIV SETTLEMENT OF DISPUTES

Section 1. Legal Basis. The legal basis of this Rule is Sec. 4 (u) of the Act quoted as follows:

Sec 4. (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 RA No. 9520, which amended RA No. 6938, and RA 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.

Section 2. Alternative Dispute Resolution. Any dispute, controversy or claim arising out of or relating to the By-laws of the cooperative, the cooperative law and related rules, administrative guidelines of the Authority, including disputes involving members, officers, directors, and committee members, intra-cooperative disputes and related issues shall be exclusively referred to and finally resolved by voluntary arbitration under the institutional rules promulgated by the Authority, after compliance with the conciliation or mediation mechanisms embodied in the bylaws of the Cooperative.

RULE XV REGISTRATION FOR TAX EXEMPTION

Section 1. Legal Basis. The legal basis for this Rule is Section 14 of the Act quoted as follows:

Sec. 14. Registration for Tax Exemption. – *The Authority shall furnish the Bureau of Internal Revenue (BIR), LGUs which include provinces, highly urbanized and independent cities, and other concerned agencies a certified list of duly registered cooperatives for purposes of processing tax exemptions.*

Any public official or employee who violates or in any manner circumvents this provision shall be dealt with in accordance with Article 140 of RA No. 9520.

Section 2. Submission of list of the duly registered cooperatives with the Bureau of Internal Revenue (BIR). The Authority shall submit to the BIR, the Registered Cooperative Master List which shall contain the list of all registered cooperatives within thirty (30) days after the approval of the Rules. The Registered Cooperative Master List shall be updated within thirty (30) days after the close of every calendar year.

Section 3. Submission of list of the duly registered cooperatives with the LGUs. The Authority shall provide the Local Government Unit (LGU) with an updated list of registered cooperatives within their jurisdiction within 60 days from the close of every calendar year.

RULE XVI

PRIORITY PROGRAM IN THE AGRICULTURE AND FISHERY SECTOR

Section 1. Priority program to ensure food security and reduction of rural poverty. The promotion and development of agricultural, agrarian and aqua cooperatives: farmers, dairy and fisher folk shall be a priority program of the Authority to ensure food security and reduce rural poverty.

Section 2. Coordination with other agencies. The promotion and development of agricultural, agrarian and aqua cooperatives: farmers, dairy and fisherfolk to ensure food security and reduce rural poverty shall be coordinated by the Authority with the following government agencies:

- a. Department of Agriculture (DA) and its attached agencies and government owned and controlled corporations (GOCCs);
- b. Department of Agrarian Reform (DAR);
- c. National Commission on Indigenous Peoples (NICP); and
- d. Other government agencies.

RULE XVII

SPECIAL CONCERN ON COOPERATIVE BANKS AND FINANCIAL SERVICE COOPERATIVES

Section 1. Promotion and development of cooperative banks and financial service cooperatives. The promotion and development of cooperative banks, as part of the banking system and financial service cooperatives as defined in R.A. No. 9520, shall be the special concern of the Authority.

Section 2. Undertaking of necessary programs. The Authority shall undertake the necessary program in collaboration with the Bangko Sentral ng Pilipinas (BSP) and the cooperative sector concerned, in the promotion and development of cooperative banks, as part of the banking system and financial service cooperatives as defined in R.A. No. 9520.

RULE XVIII

COOPERATIVES ENGAGED IN SERVICES COVERED BY OTHER LAWS

Section 1. Requirement of other laws, rules and regulations. Registered cooperatives shall secure the necessary licenses, franchises, certificates of authority and permits from other appropriate agencies with jurisdiction over their activities, if required by other existing laws, rules and regulations.

Section 2. Other appropriate agencies. The following appropriate agencies shall be co-regulator of the Authority in the issuance of licenses, franchises, certificates of authority and permits:

- a. Department of Human Settlements and Urban Development (DHSUD) and its attached agencies and corporations such as the National Housing Authority (NHA), National Home Mortgage Finance Corporation (NHMFC), Home Development Mutual Fund (HDMF, popularly known as Pag-IBIG Fund, Social Housing Finance Corporation (SHFC) on housing project undertakings;
- b. Department of Agrarian Reform (DAR) on Agrarian Reform Cooperatives;
- c. Insurance Commission (IC) on Insurance Cooperatives;
- d. National Water Resources Board (NWRB) on Water Service Cooperatives;
- e. Department of Transportation (DOTr), Land Transportation Office (LTO), Land Transportation Franchising and Regulatory Board (LTFRB), Maritime Industry Authority (MARINA), Office of Transportation Cooperative (OTC) on Transport Service Cooperatives;
- f. Congress, National Electrification Administration (NEA), Department of Energy (DOE) on Electric Cooperatives;

- g. National Dairy Authority (NDA), Department of Health (DOH)-Food and Drug Administration(FDA) on Dairy Cooperatives;
- h. Department of Labor and Employment (DOLE) on Labor Service Cooperatives and Workers Cooperatives;
- i. Bangko Sentral ng Pilipinas (BSP) on Cooperative Banks and Financial Service Cooperatives;
- j. Department of Health (DOH) on Health Service Cooperatives;
- k. Department of Trade and Industry (DTI), Social Security System (SSS) Employees' Compensation Commission (ECC), Securities and Exchange Commission (SEC), PhilHealth, Local Government Units (LGUs), Bureau of Internal Revenue (BIR); and
- l. All other appropriate government agencies.

RULE XIX PROHIBITION

Section 1. Use of the word “cooperative”, “coop”, “co-op” and “koop”. The use by any person or organization of the word “cooperative”, “coop”, “co-op” and “koop” in their business name, unless duly registered with Authority shall be prohibited.

Section 2. Exception to the use of the word cooperative. Electric cooperatives registered with the National Electrification Administration (NEA) under Presidential Decree No. 269, as amended which opt not to register with the Authority are allowed to retain the word “cooperative” in their registered name.

Section 3. Penalty. In case of violation, the individual or individuals concerned, or in the case of an organization, its officers and directors shall, upon conviction, each suffer the penalty of imprisonment of not less than two (2) years nor more than five (5) years and a fine not exceeding Twenty thousand pesos (P20,000.00) or both at the discretion of the court. The Authority may *motu proprio*, initiate complaints for violations of this Rule.

RULE XX EXISTING ACCOUNTS RECEIVABLES

Section 1. Legal Basis. The legal basis of this Rule is fourth paragraph of Sec. 24 of the Act quoted as follows:

“The Authority shall collect existing accounts receivables from the transfer of funds from the DA under PD 175, as amended, and such other funds coursed through the Authority, or enter into compromise agreements or the condonation of said accounts,

subject to rules and regulations as may be prescribed by the Authority and the Commission on Audit (COA).”

Section 2. Funds from DA under Presidential Decree No. 175, as amended. The Authority shall collect existing accounts receivables from the transfer of funds from the DA under PD 175, as amended.

Section 3. Other funds coursed through the Authority. The Authority shall collect existing accounts receivables on such other funds coursed through the Authority.

Section 4. Compromise and condonation of accounts. The Authority may enter into compromise agreements or the condonation of existing accounts receivables from the transfer of funds from the DA under PD 175, as amended, subject to rules and regulations as may be prescribed by the Authority and the Commission on Audit (COA).

RULE XXI FUNDS FOR REORGANIZATION

Section 1. Funds for reorganization. The amount necessary to implement this Act shall be charged against the current year's budget of CDA. Thereafter, the amount necessary for its continued implementation shall be included in the annual General Appropriations Act.

RULE XXII TRANSITORY PROVISIONS

Section 1. Reorganization. Upon the effectivity of R.A. No. 11364, the personnel of the Authority shall, unless removed for cause and after due process, continue to perform their duties and responsibilities without diminution of their rank, salaries and other emoluments. The Authority shall be reorganized in accordance with Republic Act No. 6656, otherwise known as the "*Act to Protect the Security of Tenure of Civil Service Officers and Employees in the Implementation of Government Reorganization*". The employees are hereby absorbed in the Authority created under the Act, in accordance with its staffing pattern, subject to Civil Service laws, rules and regulations and Department of Budget and Management (DBM) rules and regulations: Provided, finally, that those who opt to retire or separate from office voluntarily shall be given separation pay computed based on DBM guidelines and regulations.

The incumbent Chairperson and Administrators of CDA shall continue to serve and act as Chairperson and Members of the Board until the new composition of the Board shall have been constituted.

RULE XXIII

AMENDMENTS TO THE IMPLEMENTING RULES AND REGULATIONS

Section 1. The Implementing Rules and Regulations (IRR) shall have its first automatic review after five (5) years from the effectivity thereof and every three (3) years thereafter.

Section 2. The Authority, through the Board, may amend or modify the IRR in accordance with the laws, after consultation with the cooperative sector and other concerned government agencies as may be necessary.

Section 3. Amendments to this IRR shall be effective 15 days after its publication in the Official Gazette or in two (2) newspapers of general circulation.

RULE XXIV FINAL PROVISIONS

Section 1. Separability Clause. – If any provision of this Implementing Rules and Regulations is declared unconstitutional or otherwise invalid, the validity of the other provisions shall not be affected thereby.

Section 2. Repealing Clause. – Republic Act No. 6939, creating the Cooperative Development Authority, and all orders, rules and regulations, and other issuances implementing Republic Act No. 6939 are hereby repealed or modified accordingly.

Section 3. Effectivity. – This Rules shall be effective fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved.

Quezon City, Philippines, _____ 2019.