



COOPERATIVE DEVELOPMENT AUTHORITY

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JV4-103



MEMORANDUM CIRCULAR NO. 2022- 06
Series of 2022

SUBJECT: POLICY ON THE CANDIDACY OF AN OFFICER OF A COOPERATIVE IN THE NATIONAL OR LOCAL ELECTION

Pursuant to Section 4 (a) of Republic Act No. 11364, the Authority hereby promulgates the following:

Section 1. Objective. This Memorandum Circular (MC) entitled “*Policy on the Candidacy of an Officer of a Cooperative in the National or Local Election*” is issued in order for the cooperative to remain a neutral, impartial and non-partisan juridical entity.

Section 2. Legal Bases. This MC is issued based on the following legal bases:

- A. Article 4 (a), (f), and (kk) of the Republic Act No. 11364 or “Cooperative Development Authority Charter of 2019”

ART. 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 RA No. 11364 and RA No. 9520 to ensure the effective and sound operation of cooperatives.”*

ART. 4 (f) *Exercise supervision and jurisdiction over all types and categories of cooperatives registered with the Authority.”*

ART. 4 (kk) *Exercise such other powers and functions as may be necessary to implement the provisions of RA No. 11364 and RA No. 9520.”*

- B. Art. 2 and Art. 27 (2) of Republic Act No. 9520 or the Philippine Cooperative Code of 2008 (RA 9520)

ART. 2. Declaration of Policy.- *It is the declared policy of the State to foster the creation and growth of cooperatives as a practical vehicle for promoting self-reliance and harnessing people power towards the attainment of economic development and social justice. xxx xxx.*

“Toward this end, the Government and all its branches, subdivisions, instrumentalities and agencies shall ensure the provision of technical guidance, financial assistance and other services to enable said cooperatives to develop into viable and responsive economic enterprises and thereby bring about a strong cooperative movement that



is free from any conditions that might infringe upon the autonomy or organizational integrity of cooperatives.

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“ART. 27. Government Officers and Employees. xxx xxx xxx

“(2) All elective officials of the Government shall be ineligible to become officers and directors of cooperatives: Provided, That the disqualification does not extend to a party list representative being an officer of a cooperative he or she represents; and

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Section 2. Coverage. It shall cover and applicable to all officers of a cooperative as defined under Article 5 of Republic Act No. 9520 (RA 9520) which shall refer to the members of the board of directors (BOD), members of the different committees created by the general assembly, general manager or chief executive officer, secretary, treasurer and members holding other positions as may be provided for in their bylaws who have filed a Certificate of Candidacy (COC) in the National or Local Election. Cooperative officers who are nominees in the partylist are also covered by this Memorandum Circular.

Section 3. Treatment. All cooperative officers who have filed a COC in the National or Local Election and have not been disqualified by the COMELEC to run shall be considered on leave from the commencement of the campaign period up to the time of proclamation of winners after election.

Section 4. Temporary Appointment. In order not to hamper the operations of the cooperative, the board of directors may appoint a temporary officer to assume the duties and responsibilities of the officer on leave. In the case of officers within the Board and other committees, the rule of succession shall be observed. In the event that all or majority of the board of directors or officers will be on leave, they shall first conduct a meeting to appoint a temporary replacement before taking leave. In case the coop officer/candidate loses in the election, she/he will be allowed to resume performing his/her duties to the cooperative.

Section 5. Permanent Vacancy upon Proclamation. In case the coop officer/candidate was duly proclaimed as winner in the election and after taking his or her oath of office, he or she should be deemed resigned in his or her position in the cooperative pursuant to Art. 27 (2) of RA 9520. Such position should be considered vacant and the following rules shall apply:

- a. In the case of members of the Board of Directors, filling of vacancy therein shall be in accordance with Article 41 of Republic Act No. 9520 which provides that **“ART. 41. Vacancy in the Board of Directors. – Any vacancy**

in the board of directors, other than by expiration of term, may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, the vacancy must be filled by the general assembly in a regular or special meeting called for the purpose. A director so elected to fill a vacancy shall serve only the unexpired term of his predecessor in office."

- b. In case of elected officers in the election and audit committees and appointed officers in other committees and/or offices of the cooperative, 2nd paragraph of Section 43 (2) of RA 9520 shall be followed in filling of vacancy which provides that "*Unless otherwise provided in the bylaws, the board, in case of a vacancy in the committees, may call an election to fill the vacancy or appoint a person to fill the same subject to the provision that the person elected or appointed shall serve only for the unexpired portion of the term.*"

The BOD may make permanent the temporary appointment as provided for in Section 4 hereof, who shall fill the vacancy. The temporary officer so appointed permanently to fill a vacancy shall serve only the unexpired term of his predecessor in office.

Section 6. Prohibitions. The following shall be prohibited:

- a. It shall be prohibited for the cooperative or any officer of the cooperative to engage in any election campaign or partisan political activity to support any election candidate or party-list organization using the mandatory cooperative funds and other funds of the cooperative.
- b. The officer on leave shall not be allowed to receive any compensation, per diem, allowances, and honorarium.
- c. The officer on leave shall not be allowed to represent his/her cooperative in the federation/union of which it is affiliated or in an insurance cooperative or cooperative bank and any other organizations and councils of cooperatives.

Section 7. Applicability of existing policy of the cooperative. Existing policy of the cooperative similar to or more stringent to the provisions of this Circular shall be implemented in conjunction with this Circular.

Section 8. Sanction. After due notice and hearing, any cooperative officer who willfully and knowingly assent to or is found to have violated the provisions of this Circular shall be liable jointly and severally for damages and shall be a ground for disqualification for any position in any cooperative within the next two (2) Annual General Assembly Meeting and Election of Officers.

In case of failure to file leave by the cooperative officers who have filed a COC in the National or Local Election, there shall be a refund of all compensation and benefits and shall be perpetually disqualified to hold any position in the cooperative after due notice and hearing.

Section 9. Effectivity. This Circular shall take effect fifteen (15) days following the completion of its publication in the Official Gazette and the filing of the copy thereof with the Office of the National Administrative Register (ONAR).

Approved by the CDA Board of Directors pursuant to Res. No. 090, S-2022 dated February 11, 2022.

Issued this 1st day of March 2022.

For the CDA Board of Directors

By:


USEC. JOSEPH B. ENCABO
Chairman