

**Committee on Cooperatives**  
**Joint with**  
**Committee on Civil Service and Government Organization**  
**Committee on Ways and Means**  
**Committee on Finance**  
**Monday September 20, 2004**  
**Senator Geronima T. Pecson Room**

**AGENDA**

**Senate Bill No. 193**, introduced by Senator Ejercito L. Estrada, entitled, “An act revising Republic Act Numbered 6939, creating the Cooperative Development Authority”

**Senate Bill No. 843**, introduced by Senator Panfilo Lacson, entitled, “An act revising Republic Act Numbered 6939, creating the Cooperative Development Authority”

**Senate Bill No. 276**, introduced by Senator Sergio Osmena III, entitled “An Act to strengthen the regulatory powers of the Cooperative Development Authority amending Republic Act No. 6939, otherwise known as the Charter of the Cooperative Development Authority, and for other purposes.

**Senate Bill No. 1043**, introduced by Senator Ejercito Estrada, entitled “An Act amending Republic Act No. 6939, creating the Cooperative Development Authority.

**CALL TO ORDER AND ORGANIZATIONAL MEETING**

The meeting was called to order by the Chairman, Senator Alfredo S. Lim, at 9:06 am. He then read into the record the names of the following senators as regular members of the Committee: Senators Ramon Bong Revilla, Jr., Ramon B. Magsaysay, Jr., Companera Pia Cayetano, Manuel B. Villar, Jr., Luisa “Loi” Ejercito Estrada, Manuel “Lito” M. Lapid, Sergio Osmena III, Aquilino Q. Pimentel, Jr., Juan M. Flavier and Francis N. Pangilinan. The chair also announced the designation of Senator Pimentel as vice chairperson of the Committee.

Upon the motion of Senator Lim, duly seconded by Senators Pimentel and Flavier, the Committee adopted the Proposed Rules of the Committee on Cooperatives.

**HIGHLIGHTS**

The chairman explained that the public hearing would focus on Senate Bills Nos. 276, 843, 193 and 1043 which seek to strengthen the development and regulatory powers of the CDA through two major thrusts;

- a. the creation of the Cooperative Development Council
- b. the establishment of the Cooperative Adjudication Board in the CDA

Atty. Niel Santillan, Executive Director, Cooperative Development Authority (CDA), expressed support for the approval of the proposed measure because it would institutionalize the local cooperative development councils at various levels which have been established by an executive order by then Pres. Ramos. He also emphasized that the establishment of the Cooperative Adjudication Board would give the Board the power to decide inter-cooperative disputes.

Asked by Senator Flavio to comment on the disturbing problem that half of all the cooperatives in the country are either dying or dead, Mr. Santillan replied that the CDA has registered 65,000 cooperatives all over the Philippines, of which 31,000 are operating in a sense that they have been able to file their administrative requirements such as the annual report and audited financial statements. He stated that the death of some of the cooperatives is due to the following reasons:

- a) the failure of some cooperatives to get government incentives, grants or loans;
- b) mismanagement by the officers or members of the cooperative;
- c) absence of provision in the Code that limits the organization of cooperatives to one specific geographical area;

Queried by Senator Flavio if they have any specific recommendation that they would want to be incorporated in the bill that would help solve the problem, Mr. Santillan replied that certain provisions of the Cooperative Code should be looked into so there would be no proliferation of cooperatives. He likewise mentioned that the process of registration itself under the Cooperative Code should also be given preferential attention.

Senator Pimentel interjected that many successful cooperatives in Mindanao have to undergo specific numbers of seminars to understand the meaning and the purpose of cooperatives. He cited that in Cagayan de Oro, an applicant has to attend ten seminars before he or she could be accepted as member.

Commenting on Senator Pimentel's statement, Mr. Santillan fully agreed with the proposal to require the cooperatives to have a pre-membership education for their members. He mentioned that under the present system, one would only have to go through a course module. He suggested that a certain level of education or training module should be required for an applicant.

Senator Pimentel pointed out that cooperators or would be cooperators should be organized so that members could help themselves get out of poverty. He emphasized that a prospective member could not just deposit a certain amount in the cooperative and then expect to borrow twice or thrice of that amount. According to Senator Pimentel, the basic concepts of cooperativism should be embodied in the lessons to be undergone or learned by the prospective member. He cited the First Community Cooperative as one of the most successful cooperatives in Cagayan de Oro and that he attributed its success to the stringent rules for membership, which include teaching the members that they should become members of cooperatives simply because they want to borrow money.

As to the factors for the success of cooperatives, Mr. Santillan informed the Committee of the first cooperative educators' conference, held at the Polytechnic University of the Philippines, where around 50 to 60 cooperative educators attended and came out with recommendations on cooperative education and training. He then suggested that the Committee should look into the following:

- a. rationalizing the various cooperative development programs of the government agencies;
- b. transferring CDA from the Office of the President to the Department of Finance.

Queried by the Chair if the four bills did touch on the transfer of the CDA from the Office of President to the Department of Finance, Mr. Santillan replied that under the four proposed bills, the CDA will still be under the Office of the President. According to him, the executive order was issued on the last week of July, and the four bills were filed before said date.

On the question of the Chair as to whether or not there are provisions in the proposed bills which would act as a deterrent to the commission of abuse of confidence on the part of its members, Mr. Santillan answered that under the proposed bills, the CDA would have the power to investigate and audit cooperatives.

On the question of Mr. Certeza as to what would be the effect of creating these cooperative councils at the national level, Mr. Santillan replied that the cooperative development councils would serve as partners in cooperative development and would assist the CDA in trying to advocate policies or measures that the cooperative movement might need. On the other point raised by Mr. Certeza on the transfer of the CDA from OP to Department of Finance, Mr. Santillan said that the Department of Finance is still evaluating the proposal and that it has not yet called them for any meeting. He said that he could only surmise that it might be on the area of a stricter implementation of the Cooperative Code.

Mr. Sixdon Macasaet, Department Manager, National Confederation of Cooperatives, expressed support on the intent of the bill to strengthen the regulatory and quasi-judicial powers of the CDA and its coordination system with the government. He then made the following comments and suggestions on the proposed bills:

- a. Section 3 (l), (m) and (n) which relate to the capability building, the empowerment and the training of cooperatives – should be clarified so it would be clear as to what the CDA would need to do and what the cooperative sector could do on its own;
- b. Section 8 should be clarified because there could be some potential conflicts in terms of what the sector is already doing and what the CDA would be doing if the bill is approved as it is presently worded.
- c. On the proposal on section 5 to add a seventh member from ARMM, they interpose no objection. However, they would want to be clarified on the phrase “appointed by the President from the nominees of the sector.”
- d. In order to avoid duplicate bodies in the government, he suggested that the cooperative sector council in the National Anti-Poverty Commission be mandated to function as the nominating body of members in the CDA;
- e. He proposed that instead of having six full-time administrators and one full-time chairperson, we should limit the full-time members of the board to the chairperson and part-time administrators who would focus only on policy making;
- f. On Section 11, he proposed that the loan funds of the CDA be transferred to cooperative banks. He noted that while it may be true that there are only less than 50 cooperative banks all over the country and an estimate of 6,000 savings and credit cooperatives that are viably operating, it is suggested that the funds should be open not only to the cooperative banks but to all the savings and credit cooperatives all over the country.
- g. He disagreed with the proposal to delete the phrase “after due public hearing and upon approval of the president” under Section 14. He believes that the rules of the CDA should be promulgated only after due public hearing and after due consultation with the cooperative sector.

At this juncture, Senator Pimentel proposed that a technical working group be created to go over all the four bills and such group be headed by the Committee Secretary to be assisted by Mr. Conti and Mr. Santillan and all representatives from the Confederation of Labor and Allied Services, and from NATCCO. He made it clear that the technical working group would not be limited to the persons who attended the public hearing.

The Chair concurred with the proposal of Senator Pimentel and thanked all the resource persons for all their inputs in the public hearing. The Chair suspended the meeting at 11:00 a.m.