



Republic Of The Philippines
House Of Representative
Quezon City, Metro Manila



Seventeenth Congress
Second Regular Session

HOUSE BILL NO. **6380**

**Introduced by Representative Hon. Rico B. Geron Hon. Anthony M. Bravo
Hon. Sabiniano "Ben" S. Canama**

EXPLANATORY NOTE

This bill seeks to require each local government unit (LGU) to allot to cooperatives two percent (2%) of the appropriations for local development project provided under Section 287 of Republic Act (RA) No. 7160, otherwise known as the "*Local Government Code of 1991*."

RA 6938, otherwise known as the "*Cooperative Code of the Philippines*" was approved on March 10, 1990. RA 6938 was amended by RA 9520, otherwise known as the "*Philippine Cooperative Code of 2008*" on February 17, 2009. Through RA 9520, it was declared the policy of the State to foster the creation and growth of cooperatives as practical vehicles for promoting self-reliance and that government shall create an atmosphere that is conducive to the growth and development of cooperatives.

A cooperative is a duly registered association of persons with a common bond of interest. People voluntarily join together to achieve a lawful common social or economic end by making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in accordance with the universally accepted cooperative principles. That common bond of interest is the very impetus for people to find a rallying point, a motivation to take the risk because of the belief that cooperatives provide the answer to their quest for a better life.

At present, there are 24,652 cooperatives registered in the Philippines based on a December 2014 report from the Cooperatives Development Authority. Thus, there is still much room for growth if only people would recognize the potential of cooperatives.

Section 287 of the Local Government Code of 1991 provides that each LGU shall appropriate in its annual budget no less than twenty percent (20%) of its annual internal revenue allotment for development projects. This proposed measure intends to require each LGU to allot cooperatives two percent (2%) of its appropriation for development projects. The cooperatives will then use this funding to implement its plans, programs, activities and services for the benefit of the LGU and its constituents. This support for the growth of cooperatives is in recognition of the importance of cooperatives as practical vehicles for promoting self-reliance and empowering people towards the attainment of economic development and social justice. This is also the LGU's way of supporting cooperatives to become instruments of sustainable social and economic change in an increasingly modernized world.

In order for cooperatives to stay viable and their growth promoted, it requires outmost support from the government. This bill is a positive expression of the appreciation for the existence, importance and contribution of cooperatives to society.

In view of the foregoing, approval of this bill is earnestly sought.



HON. RICO B. GERON

HON. ANTHONY M. BRAVO, Ph. D.



HON. SABINIANO "BEN" S. CANAMA



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AN ACT
MANDATING EACH LOCAL GOVERNMENT UNIT TO ALLOT TO
COOPERATIVES TWO PERCENT (2%) OF ITS APPROPRIATIONS
FOR LOCAL DEVELOPMENT PROJECTS, AMENDING FOR THE
PURPOSE REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE
"LOCAL GOVERNMENT CODE OF 1991"

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

SECTION 1. Section 287 of Republic Act No. 7160 is hereby amended to read as follows:

"SEC. 287. Local Development Projects. – Each local government unit shall appropriate in its annual budget no less than twenty percent (20%) of its annual internal revenue allotment for development projects[.]; PROVIDED, THAT TWO PERCENT (2%) OF THIS APPROPRIATION SHALL BE ALLOTTED TO COOPERATIVES FOR THE IMPLEMENTATION OF ITS PLANS, PROGRAMS, ACTIVITIES AND SERVICES .Copies of

the development plans of local government units shall be furnished the Department of Interior and Local Government.”

SEC. 2. ***Implementing Rules and Regulations.*** – Within sixty (60) days from the effectivity of this Act, the Secretary of the Interior and Local Government shall issue the necessary implementing rules and regulations to carry out the provisions of this Act.

SEC. 3. ***Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,