

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City



SEVENTEENTH CONGRESS
Third Regular Session

House Bill No. 8020

Introduced by **MAGDALO Party-List Representative**
HON. GARY C. ALEJANO

EXPLANATORY NOTE

Based on a Department of Justice opinion, Local Government Units, although they possess a corporate personality, still cannot form a corporation among themselves since the Corporation Code of the Philippines states that only natural persons can form a corporation.

Due to this restriction, LGU cooperation has been limited to resource-sharing for inter-LGU ventures, since they cannot formalize a legal personality to effectively contract credit financing. This limits their avenues to finance projects, which even with resource-sharing, might still prove too costly.

To further the principle in the Local Government Code of 1991 that local issues and development often do not respect geographic and administrative boundaries, Congress must enable LGUs to formalize their own legal personalities to contract credit financing. This way, we are practically expediting the development of two or more LGUs at the same time.

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


REP. GARY C. ALEJANO

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AN ACT
TO ENHANCE INTER-LGU COOPERATION BY AMENDING CERTAIN PROVISIONS
IN BOOK I OF REPUBLIC ACT 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:

1 **SEC. 1.** Section 3 of the Code is hereby amended to read as follows:
2

3 **"SEC. 3. Operative Principles of Decentralization.** - The formulation and
4 implementation of policies and measures on local autonomy shall be guided by the
5 following operative principles:

6 a)

7

8 (f) Local government units may group themselves, consolidate or coordinate their
9 efforts, services, and resources for purposes commonly beneficial to them[.] **THROUGH**
10 **MUTUAL AGREEMENT OR THROUGH THE FORMATION OF AN ALLIANCE**
11 **WITH A LEGAL PERSONALITY;"**
12

13 **SEC. 2.** Section 33 of the Code is hereby amendment to read as follows:
14

15 **"SEC. 33. Cooperative Undertakings Among Local Government Unit**
16 **THROUGH MUTUAL AGREEMENT.** - Local government units may, through
17 appropriate ordinances, group themselves, consolidate, or coordinate their efforts, services,
18 and resources for purposes commonly beneficial to them **THROUGH MUTUAL**
19 **AGREEMENT.** In support of such undertaking, the local government units involved may
20 upon approval by the sanggunian concerned after a public hearing conducted for the
21 purpose, contribute funds, real estate, equipment, and other kinds of property and appoint or
22 assign personnel under such items and conditions as may be agreed upon by the
23 participating local government units through Memoranda of Agreement."
24

25 **SEC. 3.** A new section in Book I of the Code hereby reads as follows:
26

27 **"SEC. ____ COOPERATIVE UNDERTAKINGS AMONG LOCAL**
28 **GOVERNMENT UNIT THROUGH THE FORMATION OF AN ALLIANCE WITH**
29 **LEGAL PERSONALITY. - LOCAL GOVERNMENT UNITS MAY GROUP**
30 **THEMSELVES, CONSOLIDATE, OR COORDINATE THEIR EFFORTS,**

1 SERVICES, AND RESOURCES FOR PURPOSES COMMONLY BENEFICIAL TO
2 THEM THROUGH THE FORMATION OF AN ALLIANCE WITH A LEGAL
3 PERSONALITY. FOR THIS PURPOSE, A NATIONAL REGISTRY OF
4 ALLIANCES (NRA) SHALL BE FORMED TO REGISTER THE ALLIANCE OF
5 LGUS AND ESTABLISH THE LEGAL PERSONALITY AND ALL THE
6 CONSEQUENT IMPLICATIONS OF THE SAME. THE NRA SHALL BE
7 COMPOSED OF THE SECRETARY OF THE DEPARTMENT OF INTERIOR AND
8 LOCAL GOVERNMENT AS CHAIR WITH THE PRESIDENTS OR CHAIRMEN
9 OF THE LEAGUES OF PROVINCES, CITIES, AND MUNICIPALITIES AND THE
10 LIGA NG MGA BARANGAYS AS BOARD MEMBERS. THE NRA BOARD SHALL
11 FORMULATE THE REQUIREMENTS, GUIDELINES, AND PROCEDURES FOR
12 THE APPLICATION, CREATION, REGISTRY, REGULATION AND
13 MONITORING OF INTER-LGU ALLIANCES COVERED BY THE NRA. THE
14 REGISTRY AND SECRETARIAT SHALL BE HOUSED AT THE DEPARTMENT
15 OF THE INTERIOR AND LOCAL GOVERNMENT.
16

17 **SEC. 4. - *Repealing Clause.*** All general and special laws, acts, city charters, decrees,
18 executive orders, proclamations and administrative regulations, or part or parts thereof which are
19 inconsistent with any of the provisions of this Act are hereby repealed or modified accordingly.
20

21 **SEC. 5. - *Separability Clause.*** If, for any reason or reasons, any part of provision of this
22 Act shall be held unconstitutional or invalid, other parts or provisions hereof which not affected
23 thereby shall continue to be in full force and effect.
24

25 **SEC. 6. *Effectivity Clause.*** This Act shall take effect after fifteen (15) days from its
26 publication in the Official Gazette or in two (2) newspaper of general circulation.

Approved,