

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 2162



Introduced by **HON. LUIS RAYMUND “LRAY” F. VILLAFUERTE, JR.,**
HON. MIGUEL LUIS R. VILLAFUERTE, HON. TSUYOSHI ANTHONY G.
HORIBATA AND HON. NICOLAS ENCISO VIII

EXPLANATORY NOTE

Cooperatives are recognized as essential drivers of growth for farmers, consumers, workers, and people’s organizations. As instruments of equity, social justice, and economic development, cooperatives enable entrepreneurship, community development, and social cohesion to its members. As of 2018, there are 18,065 registered cooperatives in the Philippines with 10.7 million members that account to almost 10% of the country’s population. Cooperatives also contribute to ensuring employment with 580,800 direct and 1.9 million indirect employees.¹

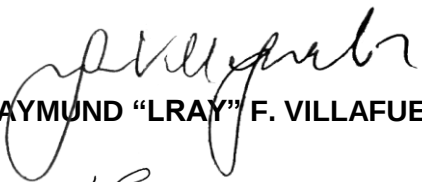
With the onslaught of the COVID-19 pandemic, it is high time that the State maximize all available economic and social platforms to empower communities through adequate financial support. This includes ensuring annual budget appropriation of local government units (LGUs) to cooperatives to further develop skills, training, and income of cooperative members. In line with this, Republic Act No. 11364: Cooperative Development Authority Charter of 2019 and Republic Act No. 11535 or Local Cooperatives Development Officer Act were enacted as recognition to the vital role of the State to protect and promote the rights of our cooperatives.

Taking these into consideration, this bill aims to establish a Local Cooperative Development Fund (LCDF) and authorize local government units to appropriate at least 2% of their Internal Revenue Allocations (IRA) or 2% of their funds for local development projects to cooperative development in their jurisdictions. Through this, we look forward to further empower our cooperatives and attract more citizens to organize and uphold the principles of cooperativism.

1

<http://icaap.coop/sites/icaap.coop/files/DRAFT%202020%20Philippines%20country%20snapshot.pdf>

The immediate passage of this bill is earnestly sought.



LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.



TSUYOSHI ANTHONY G. HORIBATA



MIGUEL LUIS R. VILLAFUERTE



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AN ACT
ESTABLISHING LOCAL COOPERATIVES DEVELOPMENT FUND,
APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

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

Section 1. *Short Title.* – This Act shall be known as the *"Local Cooperatives Development Fund Act."*

Sec. 2. *Declaration of Policy.* – The State recognized the roles of cooperatives as an instrument for economic development, social justice, and equity.

The State guaranteed that the rights of the cooperatives, anchored upon internationally accepted principles and practices, shall be respected, promoted, and fulfilled.

The State mandates national government agencies and local government authorities to promote the growth and expansion of cooperatives, provide resources and mechanisms to strengthen the cooperatives movement, enable policies and programs to transform cooperatives as a viable, responsive, and resilient economic enterprise, and facilitate partnerships with other national and local stakeholders.

The State, except as provided in this Act, shall maintain the principles of noninterference in the development and management of cooperatives and guarantee that the cooperatives shall be free from conditions that infringe upon its objectives and characteristics.

Sec. 3. *Creation of Local Cooperatives Development Fund.* – The Local Cooperatives Development Fund, herein referred to as LCDF, is hereby created to be managed and administered by the provincial, city, and municipal local government units, to support local cooperatives development in their jurisdictions.

Sec. 4. *Funding Source.* – Provincial, city, and municipal local government units are hereby mandated to appropriate at least two percent (2%) of their Internal Revenue Allocations (IRA) for programs, projects, and activities for local cooperatives development. Provided that provincial, city, and municipal local government units belonging to fourth to sixth income classification, may opt to allocate at least two percent (2%) of their funds for local development projects as their LCDF. Provided further, the local government units belonging to fourth to sixth income classification shall commit to progressively realize this mandate within the next five years upon effectivity of this Act.

Sec. 5. *Use of Funds.* – The LCDF shall primarily be used to support and fund programs, project, and activities directed towards:

1. Formulation and implementation of a participatory Local Cooperatives Development Plan and localized special programs deemed as priorities of the local cooperatives.
2. Provision of technical guidance, financial assistance, and other services to local cooperatives.
3. Promotion, organization, and mobilization of local cooperatives as a viable and responsive social and economic development enterprise and to strengthen the cooperatives movement.
4. Provision of capacity development and capacity-building initiatives and activities for local cooperatives.
5. Support the plans, programs, and activities of the local cooperatives' development councils, the local cooperatives development officers, local federation of cooperatives, and local cooperative union in line with its mandates under existing laws.

Sec. 6. *Implementing Rules and Regulations.* – The Cooperatives Development Authority and the Department of Interior Local Government shall, in consultation with

the cooperative sector and concerned leagues of local governments, formulate, and disseminate the IRR within ninety (90) days since the effectivity of this Act.

Sec. 7. Congressional Oversight. – Upon the effectivity of this Act, the Joint Congressional Committee on Cooperatives (JCOCC), created under Republic Act No. 9520, shall review, and monitor the implementation of this Act.

Sec. 8. Repealing Clause – All laws, decrees, executive orders, rules and regulations, issuances, or parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

Sec. 9. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or a newspaper of general circulation.

Approved,