

**Republic of the Philippines
House of Representatives
Quezon City**

**NINETEENTH CONGRESS
Second Regular Session**

HOUSE BILL NO. **10479**



Introduced by Hon. Felimon M. Espares
(COOP-NATCCO PARTYLIST)

**AN ACT ENSURING THE DEVELOPMENT, PROMOTION,
AND PROTECTION OF AGRICULTURAL COOPERATIVES**

EXPLANATORY NOTE

A Social Weather Station (SWS) survey conducted during the first quarter of 2024 showed that "involuntary hunger" rose from 12.6% in December 2023, to 14.2% in March 2024.¹ The SWS further noted that the March 2024 hunger figure was 3.5 points above the 10.7% annual hunger rate of 2023, and that the same was also the highest since 16.8% in May 2021.²

On the other hand, fisherfolks (30.6 percent) and farmers (30.0 percent) remained the poorest sectors in terms of poverty incidence in 2021.³

In line with this, the Department of Agriculture (DA) has recognized the indispensable role that the local agricultural sector plays in the government's plans to improve food security, specifically mentioning a "farm-to-market network plan."⁴ Further, DA Undersecretary Mercedita A. Sombilla emphasized that developing the local agricultural sector not only needs investment in research and technology but also capacitating farmers to utilize such technology.

¹ "More hungry and poor, first quarter 2024," The Philippine Star, 11 May 2024, *available at* <https://www.philstar.com/the-freeman/opinion/2024/05/11/2354283/more-hungry-and-poor-first-quarter-2024>

² *Id.*

³ Merged datafile of the 2015 Family Income and Expenditure Survey (FIES) and January 2016 Labor Force Survey (LFS), merged datafile of the 2018 FIES and January 2019 LFS and merged datafile of the preliminary 2021 FIES and January 2022 LFS, Philippine Statistics Authority *available at* <https://www.psa.gov.ph/content/fisherfolks-and-farmers-remain-have-highest-poverty-incidences-among-basic-sectors-2021#:~:text=Fisherfolks%20and%20Farmers%20Remain%20to,Authority%20%7C%20Republic%20of%20the%20Philippines>

⁴ Ignacio, Chelsey Keith P., "Developing agriculture to achieve food security," BusinessWorld, 07 June 2023, *available at* <https://www.bworldonline.com/special-features/2023/06/07/527312/developing-agriculture-to-achieve-food-security/>.

Accordingly, it is clear that the lands and the people are there—what they need is the support so that the local agricultural industry can stand on its own to meet the needs of the Filipino public.

The weak and fragmented agricultural service delivery hampers the implementation of government agricultural development programs. This can be remedied by linking the DA directly to the farmers through the agricultural cooperatives.

This bill aims to strengthen agricultural cooperatives as a vital force in ensuring food security in the Philippines. Recognizing the significant role that the agricultural sector plays in ensuring food security across the country, this legislation proposes measures to support and empower them in their crucial contributions to the nation's food production.

By providing adequate resources and funding, this bill seeks to enhance the capacity of agricultural cooperatives to sustainably produce high-quality agricultural products. It aims to promote the adoption of modern farming technologies, sustainable practices, and efficient agricultural techniques to increase productivity and improve the livelihoods of family farmers.

Furthermore, this bill encourages the establishment of agricultural cooperatives, associations, and support networks to facilitate knowledge sharing, access to credit, and collective marketing efforts. It also promotes the provision of training programs, agricultural extension services, and technical assistance to empower family farmers with the necessary skills and knowledge to thrive in today's evolving agricultural landscape.

By strengthening the support and developing the network of agricultural cooperatives, this bill seeks to ensure food security, promote rural development, and contribute to poverty alleviation in the Philippines. It recognizes the importance of empowering small-scale farmers, who form the backbone of the agricultural sector, in achieving sustainable and inclusive growth.

In conclusion, this legislation aims to create an enabling environment that supports agricultural cooperatives, enhances their productivity and competitiveness, and ultimately contributes to the nation's overall food security goals.

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



HON. FELIMON M. ESPARES

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**AN ACT ENSURING THE DEVELOPMENT, PROMOTION,
AND PROTECTION OF AGRICULTURAL COOPERATIVES**

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

**CHAPTER I
DECLARATION OF POLICY**

Section 1. Short Title. – This Act shall be known as the "Agricultural
Cooperatives Act of 2024."

Sec. 2. Declaration of Policy. – It is hereby declared to be the policy of the State,
in line with the Constitution, that expanding productivity is the key to raising the
quality of life for all, especially the underprivileged, together with a sustained increase
in the amount of goods and services produced by the nation for the benefit of the
people.

In line with this, the State recognizes the need to hasten the growth, integration,
and modernization of the agricultural sector in order to meet the rising dilemma of
food insecurity, which disproportionately affects the marginalized sectors of society.
The State further recognizes the indispensable need to encourage the participation of
women and youth as a primary force in the government's drive to empower the

agricultural sector. Therefore, the State shall focus on establishing a structure and network that institutionalizes support, capacity-building, and inclusive growth for agricultural cooperatives.

Similarly, 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. Towards this end, the Government and all of its branches, subdivisions, instrumentalities, and agencies shall ensure the provision of technical guidance, financial assistance, and other relevant services to enable farmers, fisherfolk, and other agricultural workers to organize themselves into self-sustaining cooperatives that work together to strengthen the Philippine agricultural industry.

CHAPTER II

GENERAL PROVISIONS

Sec. 3. *Definition of Terms.* – In so far as they are used in this Act, the following terms shall mean:

- a. **Agribusiness** – refers to a range of activities that occur in the agricultural value chain utilized in modern food production, including but not limited to farming, forestry, fishing operations, as well as seed supply, agrichemicals, related machineries, processing, storage, marketing, distribution, and sales, whether wholesale or retail;
- b. **Agricultural Cooperative** – refers to a type of cooperative comprising farmers, fisherfolk, agrarian reform beneficiaries, dairy farmers, community forestry farmers, aquaculture farmers, and other individuals engaged in agricultural activities. These individuals voluntarily organized themselves into an agricultural-based economic enterprise, including subsidiary agricultural cooperatives formed by existing multi-purpose cooperatives and multi-purpose cooperatives whose primary business activity is at least fifty percent (50%) related to agricultural production, agro-industry, agri-business, or services related to agricultural production.

Agricultural activities encompassed by the cooperative include the production, processing, agrologistics, and distribution of agricultural, fishery, and forestry products. The cooperative also provides a range of services aimed at improving the livelihood, income, and overall welfare of its members. These services include savings and credit, marketing, agricultural extension, farm education, agri-tourism, digital agriculture, and other allied services related to climate resiliency and safety nets;

c. Asset Development - refers to the growth and improvement, according to targeted goals and objectives, of key instruments and resources for agricultural operations, such as, but not limited to, land, buildings, which may include residences, warehouses, or barns, irrigation systems, fences, and trees;

d. Build Scale - refers to the growth or expansion of agribusiness in a proportional and profitable manner;

e. Cooperative – refers to an autonomous and duly registered association of persons, with a common bond of interest, who have voluntarily joined together to achieve their social, economic, and cultural needs and aspirations by making equitable contributions to the capital required, patronizing their products and services, and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles;

f. Clustering – refers to the process by which multiple agribusinesses, each involved in different stages of the agricultural value chain, combine their operations into a single hub. This collaboration aims to enhance operational efficiency, streamline processes, and maximize profits through integrated efforts;

g. Criteria for Assessment and Ratings - refers to a set of standards in determining that the performance of an agricultural cooperative, which

includes, among others, enterprise management, adherence to cooperative principles, and product or service quality;

h. Family Farming – refers to an agribusiness operation that is managed and operated by a family unit, related by consanguinity or affinity, whether nuclear or extended, and which predominantly relies on the labor of the members of such family for its operations. The family and the farm, therefore, are inextricably linked, and co-evolve with each other;

i. Local Development Hub (LDH) - refers to a farming zone or transport infrastructure, which is generally far from formal markets. An LDH serves around five hundred (500) to one thousand (1,000) farmers, and links them to buyers, which may be, among others, traders, processors, and export companies, among others.

j. National Federation of Agricultural Cooperatives (NFAC) – refers to a federation of agricultural cooperatives that are engaged in agribusiness and financial business for the benefit of the members through its subsidiaries.

k. Wholesale Market – refers to a market, owned by the government and managed by the National Federation of Agricultural Cooperatives (NFAC) through its subsidiary/ies, where a trader buys farm produce from the farmers, through the agricultural cooperatives, in bulk and re-sells the goods to business houses or retailers to further sell the goods to end consumers.

m. Cooperative Climate Resilience Fund – refers to a grant-making mechanism that aims to ensure that agricultural cooperatives and their farmer-members are protected from and resilient to the impact of climate change.

Sec. 4. Registration and Supervision. – Agricultural Cooperatives shall be

governed by the general law on cooperatives, except as otherwise provided herein. In connection with this, agricultural cooperatives must be registered with the Cooperative Development Authority (CDA) in order to be entitled to the privileges and exemptions extended to cooperatives under Republic Act (RA) No. 9520, otherwise known as the Philippine Cooperative Code of 2008.

An agricultural cooperative shall file its application for registration with the CDA regional office that has jurisdiction over its area of operation. No fees shall be assessed or charged to any agricultural cooperative by any government entity, national or local, at any stage of its organization and registration process.

This notwithstanding, as the agency with the mandate to promote agricultural development by providing policy framework, public investments, and support services, the Department of Agriculture (DA) shall be the regulatory agency exercising primary supervision over the National Federation of Agricultural Cooperatives (NFAC). The Federation shall exercise supervision and control over its member-primary agricultural cooperatives.

Sec. 5. Capital Requirements of Agricultural Cooperatives. – The authorized share capital of an agricultural cooperative shall be stated in its Articles of Cooperation. Prior to its registration, at least twenty-five percent (25%) of the authorized share capital shall be subscribed to by the members, and at least twenty-five percent (25%) of the subscribed share capital shall be paid-up: *Provided*, That the paid-up capitalization requirement for primary cooperatives shall not be less than Fifteen Thousand Pesos (P15,000.00).

Sec. 6. Cooperative Business Activities and Allied Services. – A duly registered agricultural cooperative may engage in all or any of the following activities:

- a. Raising and/or culture of plants, high-value crops, animals, fish, poultry, livestock, other agri-products as source of food, feed, and fiber, and other agri-fishery or non-food commodities;
- b. Production of salt;
- c. Community and social forestry;

- d. Provision of savings and credit facilities for marginal farmers and fishermen;
- e. Facilitating the procurement and distribution of farm inputs/implements for its members;
- f. Processing, marketing, and sale of members' agri-products or produce;
- g. Maintenance and management of irrigation systems, water impounding, and other agricultural facilities; and
- h. Other allied services such as, but not limited to, warehousing, cold storage and other post-harvest services, hauling, transport of members' products or produce, and such other similar business services and activities that will reduce cost or add value.

Sec. 7. Bond of Membership. – The bond of membership of agricultural cooperatives shall be any of the following:

- a. Residential – members are farmers, farm workers, or fisherfolk who are actually and physically residing within the area of operation;
- b. Occupational – members are those who are engaged in raising or culture of plants or animals, or are part of the technical and scientific communities of the agriculture sector;
- c. Associational – members are from registered associations, groups, clubs, cultural and other similar aggrupation of farmers, farm workers, and fisherfolk; and
- d. Institutional – members are employees, workers, or officers of a particular institution who are undertaking or will undertake agricultural projects.

Provided, that at least fifty-one per centum (51%) of its members are duly registered with the Registry System for Basic Sectors in Agriculture (RSBSA).

CHAPTER III

BENEFITS OF AGRICULTURAL COOPERATIVES

Sec. 8. Tax Treatment of Agricultural Cooperatives that Transact with Non-members. – Notwithstanding any law or regulation to the contrary, duly registered agricultural cooperatives that transact with both members and non-members, and

with reserve funds of One Hundred Million Pesos (P100,000,000.00) or below shall be exempt from all national internal revenue taxes, fees, and charges of whatever name and nature.

On the other hand, if such agricultural cooperatives have reserve funds of greater than One Hundred Million Pesos (P100,000,000.00) shall pay the following taxes on their transactions with non-members:

a. Income Tax on income derived from transactions with non-members:

Provided, That the same tax is not consequently imposed on interest individually received by members. The tax base for all cooperatives liable to pay income tax shall be the income directly related from the business transactions with non-members after deducting the amounts for the statutory funds;

b. Value-Added Tax (VAT) on transactions with non-members: *Provided*, however, that duly registered agricultural cooperatives shall be exempt from the imposition of VAT, on the following:

(i) Sales by agricultural cooperatives duly registered with the DA to their members as well as sale of their produce, whether in its original state or processed form, to non-members; their importation of direct farm inputs, machineries and equipment, including spare parts thereof, to be used directly and exclusively in the production and/or processing of their produce, and their resale to other agricultural cooperatives;

(ii) Gross receipts from lending activities towards its members or other agricultural cooperatives;

Provided, That the exempt transactions in the foregoing shall include sales made by agricultural cooperatives duly registered with the DA organized and operated by their members to undertake the production and processing of raw materials or of goods produced by their members into finished or process products for sale by the cooperatives to their members and non-members: *Provided*, however, that any processed product or its derivative arising from the raw

materials produced by their members, sold in the name and for the account of the cooperative shall be deemed a product of the cooperative and its members: Provided, further, That at least twenty-five per centum (25%) of the net income of the cooperatives is returned to the members in the form of interest and/or patronage refunds.

c. All sales of goods and/or services rendered for non-members shall be subject to the applicable percentage taxes; and

d. All other taxes unless otherwise provided herein.

Donations to duly accredited charitable, research and educational institutions and reinvestment to socioeconomic projects within the area of operation of the cooperative may be tax deductible.

Sec. 9. Tax Treatment of Agricultural Cooperatives that Transact with Members Only. – Duly registered agricultural cooperatives under this Act which do not transact any business with non-members or the general public shall not be subject to any taxes, fees, and charges imposed under the internal revenue laws and other tax laws.

Sec. 10. Other Benefits and Privileges of Agricultural Cooperatives. – An agricultural cooperative shall enjoy the following benefits and privileges:

a. Taxes, Duties, and Liens:

(1) All benefits, privileges, and tax treatments of cooperatives as defined and enumerated under RA 9520 and other relevant laws shall apply to agricultural cooperatives;

(2) Agricultural cooperatives shall be exempt from customs duties, advance sales or compensating taxes on their importation and local purchase of machineries, equipment, accessories, batteries, and spare parts used by them: *Provided*, That all tax- and duty-free imports and local purchases shall not be sold nor the beneficial ownership thereof be transferred to any person until

after five (5) years, otherwise, the cooperative and the transferee or assignee shall be solidarily liable to pay twice the amount of the imposed tax and/or duties; and

- (3) All real properties owned, and those directly used for the operations, management, and maintenance of agricultural cooperatives shall be exempt from the payment of real property taxes imposed under existing laws.

b. Trainings and Conferences - All trainings and conferences necessary for the organization, registration, management and operations of an agricultural cooperative, rendered by the appropriate government agency, shall be given free of charge, including costs of venue, training materials, speakers and resource persons. The CDOs shall be primarily responsible for these trainings and conferences within their respective localities.

c. Consolidation - Agricultural cooperatives may consolidate agricultural lands owned by its members within in a contiguous area for purposes of agricultural development.

e. Direct Purchase by National and Local Government Agencies – To promote and support agricultural cooperatives, national and local government agencies shall directly purchase agricultural products from registered and accredited agricultural cooperatives; *Provided*, That said products are necessary in the performance of their respective mandates.

Further, in areas where there are agricultural cooperatives, at least fifty per centum (50%) of the supply to government institutions, agencies, and LGUs, of rice, corn, grains, fish and other marine products, meat, eggs, milk, vegetables, and other agricultural commodities such as fertilizers, seeds and other agricultural inputs and implements, and related products, shall be sourced from such cooperatives.

For the purposes of this Act, the procurement by national and local

government agencies of said agricultural products shall be exempt from the application of the bidding process prescribed under relevant government procurement laws; *Provided*, That said agencies shall undergo a negotiated procurement under the applicable guidelines of the Government Procurement Policy Board.

e. Loans and Grants:

(1) All loans applied for by agricultural cooperatives in any government-owned or -controlled banks or government financial institutions shall enjoy preferential treatment as to the requirements, rates, securities, and collaterals; and

(2) The DA shall coordinate with the Bangko Sentral ng Pilipinas (BSP) to lower the requirements for all loans applied for and granted to agricultural cooperatives.

f. Strengthening Program for Agricultural Cooperatives – the government through the DA and CDA shall introduce a program aimed at strengthening agricultural cooperatives through mergers and consolidations. This initiative, part of the government's broader effort to enhance the stability and resilience of the agriculture sector, offers income support incentives to encourage smaller agricultural cooperatives and farmers associations to consolidate that can lead to improved operational efficiencies, reducing costs and improving service delivery for agricultural cooperatives. These may include grants or subsidies that help build business scale and improve capital base, operational synergies, broader service offerings, and risk mitigation.

Sec. 11. Organization as a Multi-Purpose Cooperative. – Notwithstanding any law to the contrary, an agricultural cooperative may be organized as a multi-purpose cooperative from its registration with the CDA: *Provided*, that it has complied with the minimum requirements for an agricultural cooperative as prescribed by the CDA Rules and Regulations.

Sec. 12. *Pre-Cooperative Agricultural Organization.* – Prior to registration with the CDA, a group of natural persons intending to form an agriculture cooperative may voluntarily form a Pre-Cooperative Agricultural Organization (PCAO) that shall have its own juridical personality to undertake activities that shall determine the viability of the creation of an agricultural cooperative. The PCAO must be registered as such with the Cooperative Development Offices (CDOs) of the appropriate LGU where the PCAO intends to operate. The Bureau may assist and endorse PCAOs to CDA for registration.

The DA and CDA, in coordination with the CDOs, shall assist PCAOs so that they can formally organize as agricultural cooperatives; *Provided*, that should the PCAO decide to formally organize into a cooperative, it must comply with the requirements under the law. Any contract executed by the PCAO prior to its registration as an agricultural cooperative shall remain valid and binding between the parties insofar as it redounds to the benefit of the cooperative.

The DA and CDA shall jointly issue guidelines on the mechanisms for PCAOs.

CHAPTER IV

NATIONAL FEDERATION OF AGRICULTURAL COOPERATIVES

Sec. 13. *Organization of the National Federation of Agricultural Cooperatives (NFAC).* – There is hereby organized the National Federation of Agricultural Cooperatives (NFAC), (hereinafter, the “Federation”), which shall be the single federation of agricultural cooperatives.

Sec. 14. *Consolidation/Merger of Existing Duly-Registered Agricultural Cooperatives Federation.* – Agricultural Cooperative Federations duly-registered with the CDA prior to the effectivity of this Act shall merge or consolidate in accordance with existing applicable laws, rules and regulations. The merged or consolidated federation shall serve as the single National Federation of Agricultural Cooperatives (NFAC).

357 The DA and CDA shall issue the guidelines on the merger and/or consolidation
358 of existing federations of agricultural cooperatives.

359
360 **Sec. 15. *Mandatory Membership of Primary Agricultural Cooperatives to the***
361 ***Federation.*** It is compulsory for Primary Agricultural Cooperatives to become members
362 of the National Federation of Agricultural Cooperatives (NFAC).

363
364 **Sec. 16. *Governance of the Federation.*** – The Chairpersons of the member-
365 primary agricultural cooperatives shall comprise the General Assembly of the
366 Federation who shall elect and appoint the Officers and Management Staff in
367 accordance with its duly-approved Articles of Cooperation and By-Laws.

368
369 **Sec. 17. *Primary Business Operations Through Subsidiary/ies.*** – The Federation
370 shall be allowed to organize subsidiary cooperatives and/or corporations that will
371 engage in Agribusiness and Financial Business the surplus and/or income of which
372 shall be utilized to fund, wholly or in part, the needed services of the member-primary
373 agricultural cooperatives. Such subsidiary/ies shall be registered with the necessary
374 regulatory authorities including, but not limiting to, the DA, CDA, SEC and Board of
375 Investments and shall enjoy the relevant exemptions and privileges under this Act,
376 the Cooperative Code, and other laws, rules and regulations.

377
378 **Sec. 18. *Channel And/Or Partner of Farmer-Related Government and Non-***
379 ***Government Programs, Projects and Activities.*** – The Federation shall serve as channel
380 and/or partner in the implementation of various Programs, Projects and Activities of
381 National Government Agencies, Local Government Units and Non-Government
382 Organizations for the benefit of the farmers and their respective families.

383
384 **Sec. 19. *Inter-Cooperative Arrangements.*** – The Federation shall be allowed to
385 enter into inter-cooperative arrangements with and among other non-agriculture
386 cooperative federations and other entities to pursue value and supply chain solutions
387 and other agribusiness development programs, subject to the guidelines to be jointly
388 promulgated by the DA and CDA.

Sec. 20. *Partnership and Joint Venture with Private Entities.* – Duly registered private entities may enter into a partnership or joint venture with the Federation in order to provide the latter with investments and technical support, such as, but not limited to technological, logistics, and facilities support, among others. Such partnership or joint venture shall be registered with the necessary regulatory authorities, including the DA and CDA, and shall enjoy the relevant exemptions and privileges under this Act, the Cooperative Code, and other laws, rules and regulations.

This notwithstanding, the equity or contribution of such private entity shall not exceed forty percent (40%) of the partnership or joint venture.

Sec. 21. *Supervision and Control* – The DA shall exercise supervision and control over the Federation. In like manner, the Federation shall exercise supervision and control over its member-primary agricultural cooperatives through the conduct of regular audit/s in accordance with the standards approved by the DA and the CDA. Sanctions imposed on non-compliant member-primary cooperatives shall be approved by the DA and CDA.

The DA and CDA shall, in consultation with the Federation, issue guidelines on the supervision and control of agricultural cooperatives.

CHAPTER V WHOLESALE MARKET

Sec. 22. *Establishment of Wholesale Markets.* – There is hereby established at least one Wholesale Market in every province owned by the respective Local Government Units (LGUs) and operated by the National Federation of Agricultural Cooperatives (NFAC) or its appropriate subsidiary/ies.

The DA, DILG and the CDA shall, in close coordination with the Federation, issue the rules and regulations on Wholesale Market establishment and operation.

CHAPTER VI

COOPERATIVE CLIMATE RESILIENCE FUND

Sec. 23. *Creation of the Cooperative Climate Resilience Fund.* – There is hereby established a Cooperative Climate Resilience Fund managed by the National Federation of Agricultural Cooperatives (NFAC) to be pooled from government, agricultural cooperatives and other private entities, the utilization of which shall be subject to the guidelines promulgated by the Agricultural Cooperatives Council. At least fifty percentum (50%) of the Cooperative Climate Resilience Fund shall come from the government.

CHAPTER VII

BUREAU OF AGRICULTURAL COOPERATIVES

Sec. 24. *Creation of the Bureau of Agricultural Cooperatives.* – The DA shall establish a *Bureau of Agricultural Cooperatives* (hereafter, the “*Bureau*”), which shall be the primary coordinating, implementing, and administrative body responsible for matters relating to agricultural cooperatives, including, but not limited to, monitoring their performance and implementing plans and programs for their growth and development. The Bureau shall be headed by a qualified Director, and its organizational and staffing pattern shall be determined by the DA, in accordance with the rules set forth by the Department of Budget and Management (DBM).

Sec. 25. *Powers and Functions of the Bureau of Agricultural Cooperatives.* – The Bureau of Agricultural Cooperatives shall exercise the following powers and functions:

- a. Collaborate and coordinate with various government agencies, institutions, and units for the development and implementation of projects and plans for agricultural cooperatives;
- b. Promote the use of digital platforms and innovative technologies for the growth and development of agricultural cooperatives, in coordination with the relevant agencies;
- c. Consolidate and study all relevant information regarding agricultural cooperatives that shall be used in the formulation of policies and programs for the sector;

- d. Develop advocacy programs for capacity-building and further education of members of agricultural cooperatives, with a particular focus on women and youth;
- e. Provide technical assistance to agricultural cooperatives;
- f. In partnership with the NFAC, establish Local Development Hubs (LDHs) in order to foster cooperation, collaboration, and mutual support among agricultural cooperatives, in coordination with the CDA and LGUs;
- g. Promote agricultural cooperative clusters and assist in the creation thereof, as a means to forge strategic partnerships among cooperatives; and
- h. Monitor and evaluate the performance of agricultural cooperatives according to an established assessment and ratings system.

Sec. 26. Sustainability Mapping. – Within one (1) year from the effectivity of this Act, the Bureau shall undertake a comprehensive nationwide survey in order to assess the agricultural sustainability status of each region and LGU. The findings of such nationwide survey shall serve as the foundation for the formulation of a ten (10)-year Food Security Master Plan. The Master Plan shall identify priority sectors and projects aimed at promoting agricultural development and sustainability throughout the country. The plan shall be designed to enhance food security, improve agricultural productivity, and ensure long-term sustainability of the agricultural sector.

Sec. 27. Clustering and Consolidation. – In order to pool their resources for increased viability and market competitiveness, the DA, Department of Agrarian Reform (DAR), Department of Trade and Industry (DTI), CDA and NFAC shall jointly establish a program that will promote, encourage agricultural cooperatives and facilitate their cooperation into clusters that will encompass the whole agricultural value chain, including but not limited to land consolidation, postharvest processing, distribution, logistics, marketing, and promotions.

Within sixty (60) days from the effectivity of this Act, the DA, DAR, DTI and CDA, in consultation with the NFAC, shall jointly issue the guidelines for the implementation of the foregoing program, and shall provide the necessary assistance at every step of

the clustering and consolidation process, including the formulation of cluster development plans.

Notwithstanding any law to the contrary, the clustering or merger and consolidation of agricultural cooperatives shall be in accordance with the Implementing Rules and Regulations of this Act.

Sec. 28. *Local Development Hubs.* – The DA and CDA shall jointly establish Local Development Hubs (LDHs) in order to strengthen the market linkages between farmers and buyers, fostering agricultural development and economic growth at the local level. Further, they shall jointly issue the guidelines for the operations and maintenance thereof.

Sec. 29. *Collaboration with the NFAC, Cooperative Development Councils and National Government Agencies.* – The Bureau shall, in collaboration with the National Federation of Agricultural Cooperatives (NFAC), LGUs through the Regional, Provincial, City, and Municipal Cooperative Development Councils and the CDOs, facilitate and promote programs and policies that enables the growth and development of agricultural cooperatives. The DA, CDA, and the relevant LGU or agency in consultation with NFAC shall issue a Joint Memorandum Circular for the implementation of this provision.

Agricultural cooperatives shall be entitled to financing support from the relevant government agencies that shall allocate funds for the establishment of projects and programs for the development and promotion of agricultural cooperatives.

Sec. 30. *Sustainability and Innovation.* – The Bureau shall allocate funding and support for the development and implementation of innovative and sustainable agricultural practices.

Sec. 31. *Mentorship and Training.* – The Bureau shall implement programs that will focus on the capacity- and capability-building of members of agricultural cooperatives, especially the empowerment of women and young farmers. Among

522 others, these programs may include:

- 523 a. Internship and apprenticeship programs with duly accredited agricultural
524 cooperatives, in partnership with the Committee on Higher Education
525 (CHED);
- 526 b. Certification programs for management and operation of agricultural
527 cooperatives, as well as related technical skills, in partnership with the
528 Technical Education and Skills Development Authority (TESDA);
- 529 c. Scholarships or student loan forgiveness, as may be necessary; and
- 530 d. Incentives for the discovery or development of innovative and sustainable
531 agricultural practices or techniques.

532
533 **Sec. 32. *Assessment and Ratings.*** – Upon the effectivity of this Act, the Bureau
534 shall establish an assessment and ratings system for agricultural cooperatives, which
535 shall measure the performance, including the social and community impact, of the
536 latter using both qualitative and quantitative metrics, and which shall be used to
537 classify and determine the best-performing agricultural cooperatives among various
538 categories. Thereafter, the Bureau and the CDA, in close coordination with NFAC shall
539 review the performance of registered agricultural cooperatives every three (3) years
540 and update their ratings accordingly.

541
542 The DA and CDA, in consultation with NFAC shall use the foregoing in the
543 provision of incentives and benefits to agricultural cooperatives under the law.

544
545 **Sec. 33. *Annual Trade Fair and Awards.*** – The Bureau, in coordination with the
546 CDA and the National Federation of Agricultural Cooperatives (NFAC), shall establish
547 the Annual Agricultural Cooperatives Trade Fair and Awards to showcase exemplary
548 business achievement, latest innovations, and other emerging trends in the sector.
549 The Bureau shall ensure that agricultural cooperatives are able to participate and
550 exhibit their products during said Fair and shall encourage the latter's participation in
551 other trade fairs and expos.

552 553 **CHAPTER III**

554 **AGRICULTURAL COOPERATIVES COUNCIL**

Sec. 34. *Creation of the Agricultural Cooperatives Council.* – There is hereby created the Agricultural Cooperatives Council (hereafter, the “Council”), which shall be the primary policy and planning body for the promotion, development, and modernization of agricultural cooperatives and organizations.

Sec. 35. *Composition of the Council.* – The Council shall be composed of the following members, or their duly authorized representatives:

- a. Secretary of Agriculture, as Chairperson;
- b. Chairperson of the CDA, Vice-Chairperson;
- c. Undersecretary of the Department of Trade and Industry;
- d. Undersecretary of the Department of Agrarian Reform;
- e. Undersecretary of the Department of Environment and Natural Resources;
- f. Undersecretary of the Department of Education;
- g. Undersecretary of the Department of Science and Technology;
- h. Director-General of the National Economic Development Authority;
- i. Director-General of the TESDA;
- j. Executive Director of the National Disaster Risk Reduction and Management Council;
- k. Commissioner of the CHED;
- l. Representative from the Philippine Statistics Authority;
- m. One (1) Representative each from Cooperative Climate Resiliency Fund private donor entities;
- n. Representative from the National Federation of Agricultural Cooperatives (NFAC) and
- o. Two (2) representatives each, from the primary agricultural cooperatives sector who are members of the National Federation of Agricultural Cooperatives (NFAC), for Luzon, Visayas, and Mindanao

Sec. 36. *Powers and Functions of the Council.* – The Council shall exercise the following powers and functions:

- a. Formulate and issue policies for the growth and development of the agricultural cooperative sector, which shall encompass adoption of

- innovative and ecological agricultural practices, access to resources and benefits, market opportunities, and capacity-building, among others;
- b. Formulate the Food Security Master Plan, in coordination with the Bureau;
 - c. Provide an integrated framework in order to optimize all government resources for the modernization and empowerment of the sector;
 - d. Issue guidelines, rules, and regulations for the development of the tangible assets, such as machineries, granaries, equipment, and lands, among others, of agricultural cooperatives;
 - e. Issue guidelines, rules, and regulations, in coordination with the appropriate agencies, to ensure the rights and welfare of agricultural cooperatives and their members, especially women, youth, and family farmers, as well as their preferential treatment in government procurement as enshrined under the law;
 - f. Formulate policies for the development of sustainable financial reform in the agricultural cooperative sector, including the creation of a government financial institution that will specifically cater to the sector, in coordination with the relevant departments and agencies;
 - g. Develop policies and guidelines for the institutionalization of Cooperative Resilience Mechanism (CRM) that will aid agricultural to adapt to and recover from the effects of climate change or other unforeseen circumstances. The CRM shall embody a holistic approach, with provisions for funding assistance, addressing production and distribution issues, and use of new or innovative technologies, production technologies using renewable energies, regenerative and sustainable agriculture, among others; and
 - h. Advocate for policy reforms and programs that enhance social protection of the agricultural cooperatives and their members, including access to healthcare, insurance, and retirement benefits, among others.

Sec. 37. Policies Fostering Inclusivity and Sustainability. – Recognizing the contributions of women and youth to the agricultural sector, as well as the need to improve inclusivity, the Council shall prioritize policies that seek to improve women empowerment and youth participation in the sector, and which shall foster

sustainability and further opportunities for economic growth.

Further, the Council shall prioritize the implementation of policies that enhance biodiversity, sustainability, and agroecology, and the development of innovative farming techniques and practices.

Sec. 38. Secretariat. – The Bureau shall serve as the Secretariat to the Council.

Sec. 39. Per Diem. – The members of the Council shall each receive a *per diem* pursuant to existing laws, for each meeting of the Council actually attended; *provided*, that in the case of representatives from the private sector, the Council is authorized to provide funds to defray the cost of reasonable travel expenses, in addition to the *per diem*, as may be necessary.

CHAPTER IV OTHER PROVISIONS

Sec. 40. Role of LGUs. – The Local Government Units shall:

- a. Ensure the appointment of CDOs in compliance with Republic Act NO. 11535;
- b. Create a Committee on Agricultural Cooperatives Development in the Local Government Legislatives Council, which shall focus on addressing legislative concerns of agricultural cooperatives;
- c. Disseminate information and promote agricultural cooperatives in their respective localities;
- d. Facilitate the establishment and develop the management and operations of agricultural cooperatives within their jurisdictions;
- e. Expedite the issuance of necessary permits for the implementation of projects and programs of the DA, CDA, and other government agencies and instrumentalities for the benefit of agricultural cooperatives;
- f. Upon written request of the CDA, assist in the resolution of inter-cooperative disputes among agricultural cooperatives operating within their localities;
- g. Facilitate and conduct seminars, trainings, and conferences necessary for the organization, registration, management, and operations of agricultural cooperatives, in coordination with cooperative federations and unions; and

h. Provide technical assistance and skills training for farmers, farm workers, and fisherfolk to engage in income-generating activities.

Sec. 41. *Appropriation* – The amount necessary for the initial implementation of this Act shall be taken from the current fiscal year’s appropriation of the DA and DTI. Thereafter, the amount necessary to carry out the provisions of this Act shall be appropriated in the General Appropriations Act of the year following its enactment into law.

Sec. 42. *Implementing Rules and Regulations*. – Within ninety (90) days from the effectivity of this Act, the DA, in coordination with the relevant departments and agencies, shall issue the necessary rules and regulations to implement this Act.

Sec. 43. *Annual Reports*. – The Council shall submit an annual report to the Congress of the Philippines on the progress of its projects and plans and offer recommendations for possible legislation.

Sec. 44. *Sunset Review*. – Within five (5) years after the effectivity of this Act, or as the need arises, the House Committee on Agriculture and Food shall conduct a sunset review. For purposes of this Act, the term “sunset review” shall mean a systematic evaluation of the accomplishments and impact of this Act, as well as the performance and organizational structure of its implementing entities, for purposes of determining remedial legislation.

Sec. 45. *Repealing Clause*. – All laws, decrees, executive orders, administrative orders, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Sec. 46. *Separability Clause*. – In case any provisions of this Act or any portion thereof is declared unenforceable, illegal, or unconstitutional by a competent court, other provisions shall not be affected thereby.

Sec. 47. *Effectivity Clause*. – This Act shall take effect fifteen (15) days after its

687 publication in the Official Gazette or in two (2) newspapers of general circulation.

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689 *Approved,*