

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
Third Regular Session

HOUSE BILL No. 10937



Introduced by Representative CAMILLE A. VILLAR

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

Explanatory Note

The 1987 Philippine Constitution provides that the goals of the national economy are a more equitable distribution of opportunities, income, and wealth; a sustained increase in the amount of goods and services produced by the nation for the benefit of the people; and an expanding productivity as the key to raising the quality of life for all, especially the underprivileged. In the pursuit of these goals, all sectors of the economy and all regions of the country shall be given optimum opportunity to develop. Private enterprises, including corporations, cooperatives, and similar collective organizations, shall be encouraged to broaden the base of their ownership.¹

Also, the 1987 Philippine Constitution tasked Congress to create an agency to promote the viability and growth of cooperatives as instruments for social justice and economic development.²

Cooperatives play a crucial role in the Philippine economy, fostering socio-economic development, empowering communities, and enhancing financial inclusion. As of 2022, there were over 20,105 registered cooperatives in the Philippines, covering various sectors including agriculture, finance, consumer

¹ Article XII, Section 1, paragraphs 1 & 3 of the 1987 Philippine Constitution

² Article XII, Section 15, of the 1987 Philippine Constitution

goods, and services. These cooperatives range from small community-based initiatives to larger, multi-sectoral organizations.³

This bill aims to promote the growth and expansion of cooperatives by mandating provincial, city, and municipal local government units to appropriate at least two percent (2%) of their National Tax Allocations 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 Local Cooperatives Development Fund.

In view thereof, this Representation joins her colleagues in humbly calling for the swift passage of this bill.


CAMILLE A. VILLAR

³ <https://www.pna.gov.ph/opinion/pieces/798-strengthening-agricultural-devt-through-cooperative-empowerment-in-ph>

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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 National Tax Allocations (NTA) 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 the 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; and
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 Cooperative 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 implementing rules and regulations within ninety (90) days from the effectivity of this Act.

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

Sec. 8. *Separability Clause.* – If any provision of this Act is held invalid or unconstitutional, the remaining parts or provisions not affected shall remain in full force and effect.

Sec. 9. *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. 10. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or a newspaper of general circulation.

Approved,