

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 5130



Introduced by Representative LEILA M. DE LIMA

AN ACT
ENSURING THE DEVELOPMENT, PROMOTION, AND PROTECTION OF
AGRICULTURAL COOPERATIVES, PROVIDING FOR THE CREATION OF THE
BUREAU OF AGRICULTURAL COOPERATIVES, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

According to the 2024 report of the United Nations (UN) Food and Agriculture Organization (FAO), the Philippines has the third highest incidence of severe and moderate food insecurity in Southeast Asia in the period of 2021-2023, with 44.1% of the population or 51 million Filipinos being moderately and severely food insecure.¹ While the country has over 5 million hectares of arable land,² the poverty incidences remain highest among the sectors of fisherfolks and farmers, at 27.4% and 27%, respectively, following only Indigenous Peoples at 32.4%.³ As such, there is a clear need for government to address the ironies in the intertwined problems of food insecurity among Filipinos and high poverty incidences in the sectors supposedly equipped to make a living out of feeding the country.

Among the struggles of the agricultural sector is the inability to compete with and adopt modernized and mechanized farming techniques due to the lack of resources to invest in equipment, access to markets, and protection from natural disasters. Agricultural cooperatives are key to addressing these issues since they

¹ FAO, IFAD, UNICEF, WFP, & WHO. (2024.) *The State of Food Security and Nutrition in the World 2024 – Financing to end hunger, food insecurity and malnutrition in all its forms*. Retrieved from <https://doi.org/10.4060/cd1254en>.

² Balita, C. (7 August 2025). Agriculture in the Philippines – statistics & facts. Retrieved from <https://www.statista.com/topics/5744/agriculture-industry-in-the-philippines/?srsltid=AfmBOorYTN1heJqKr-Vcib0yr-QFQxfeMaoYI0Mdn3Eu5zJv6M1JzcW1>.

³ Philippine Statistics Authority. (31 March 2025.) Poverty Incidence Declined from 2021 to 2023 in Ten Basic Sectors. Retrieved from <https://psa.gov.ph/statistics/poverty>.

organize small-scale farmers to pool resources, divide risks among themselves, and sell and purchase goods and produce as a collective, thus increasing income and reducing costs. Agricultural cooperatives are also supposed to provide access to resources, loans, technology, and markets to improve the livelihoods of their members. However, in the Philippines, agricultural cooperatives are unable to fully provide the necessary support to their members as they themselves face problems of limited resources and fragmentation.

This bill seeks to empower and strengthen agricultural cooperatives to in turn improve the livelihoods of small-scale farmers, modernize the agricultural sector in the country, contribute to rural development, and address the looming problem of food insecurity. It seeks to:

- Provide adequate funding and resources to enhance the productivity and sustainability of agricultural cooperatives;
- Encourage clustering and consolidation to achieve economies of scale, reduce individual costs and risks, and improve competitiveness of agricultural cooperatives;
- Promote the adoption of modern, efficient, climate-resilient, and sustainable farming techniques;
- Facilitate improved access to credit, knowledge sharing, and collective marketing through cooperative networks; and
- Deliver extension services, technical assistance, and capacity-building services and trainings to small-scale farmers.

Similar bills have been filed by Senator Risa Hontiveros and Senator Francis Pangilinan in the Senate under the present Congress. This bill complements Senator Hontiveros's SBN 389 and largely adopts Senator Pangilinan's SBN 1183, sharing the goals of empowering agricultural cooperatives to create a more resilient and innovative agricultural sector, reduce poverty among farmers, improve rural development, and address food insecurity among Filipinos.

Early approval of this measure is earnestly sought.



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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 2025."

SEC. 2. *Declaration of Policy.* – It is hereby declared 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 industry growth for agricultural cooperatives.

1 Similarly, it is declared policy of the State to foster the creation and growth of
2 cooperatives as a practical vehicle for promoting self-reliance and harnessing people
3 power towards the attainment of economic development and social justice.

4
5 Towards this end, the Government and all of its branches, subdivisions,
6 instrumentalities, and agencies shall ensure the provision of technical guidance,
7 financial assistance, and other relevant services to enable farmers, fisherfolk, and
8 other agricultural workers to organize themselves into self-sustaining cooperatives
9 that work together to strengthen the Philippine agricultural industry.

10 11 CHAPTER II 12 GENERAL PROVISIONS 13

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

- 16 a) Agribusiness - refers to a range of activities that occur in the agricultural
17 value chain utilized in modern food production, including but not limited
18 to farming, forestry, fishing operations, as well as seed supply,
19 agrichemicals, related machineries, processing, storage, marketing,
20 distribution, and sales, whether wholesale or retail;
- 21 b) Agricultural Cooperative - refers to a type of cooperative comprising
22 farmers, fisherfolk, agrarian reform beneficiaries, dairy farmers,
23 community forestry farmers, aquaculture farmers, and other individuals
24 engaged in agricultural activities. These individuals voluntarily organized
25 themselves into an agricultural-based economic enterprise, including
26 subsidiary agricultural cooperatives formed by existing multi-purpose
27 cooperatives and multi-purpose cooperatives whose primary business
28 activity is at least fifty percent (50%) related to agricultural production,
29 agro-industry, agri-business, or services related to agricultural
30 production. Agricultural activities encompassed by the cooperative
31 include the production, processing, agrologists, and distribution of
32 agricultural, fishery, and forestry inputs and products, whether primary,
33 derived, or processed. The cooperative also provides a range of services
34 aimed at improving the livelihood, income, and overall welfare of its
35 members. These services include savings and credit, marketing,
36 agricultural extension, farm education, agri-tourism, digital agriculture,
37 and other allied services related to climate resiliency and safety nets;
- 38 c) Asset Development - refers to the growth and improvement, according
39 to targeted goals and objectives, of key instruments and resources for
40 agricultural operations, such as, but not limited to, land, buildings, which
41 may include residences, warehouses, or barns, irrigation systems,
42 fences, and trees;
- 43 d) Build Scale - refers to the growth or expansion of agribusiness in a
44 proportional and profitable manner;

- 1 e) Cooperative - refers to an autonomous and duly registered association
2 of persons, with a common bond of interest, who have voluntarily joined
3 together to achieve their social, economic, and cultural needs and
4 aspirations by making equitable contributions to the capital required,
5 patronizing their products and services, and accepting a fair share of the
6 risks and benefits of the undertaking in accordance with universally
7 accepted cooperative principles;
- 8 f) Clustering - refers to the process by which multiple agribusinesses, each
9 involved in different stages of the agricultural value chain, combine their
10 operations into a single hub. This collaboration aims to enhance
11 operational efficiency, streamline processes, and maximize profits
12 through integrated efforts;
- 13 g) Consolidation - refers to a process by which fragmented and scattered
14 landholdings are reorganized or restructured into larger, more
15 contiguous plot or plots. This can be done through voluntary reallocation,
16 sales, land exchanges or swaps, lease, and other means.
- 17 h) Criteria for Assessment and Ratings - refers to a set of standards in
18 determining the performance of an agricultural cooperative, which
19 includes, among others, enterprise management, adherence to
20 cooperative principles, and product or service quality;
- 21 i) Family Farming - refers to an agribusiness operation that is managed
22 and operated by a family unit, related by consanguinity or affinity,
23 whether nuclear or extended, and which predominantly relies on the
24 labor of the members of such family for its operations. The family and
25 the farm, therefore, are inextricably linked, and co-evolve with each
26 other;
- 27 j) Local Development Hub (LDH) - refers to a farming zone or transport
28 infrastructure, which is generally far from formal markets. An LDH serves
29 around five hundred (500) to one thousand (1,000) farmers, and links
30 them to buyers, which may be, among others, traders, processors, and
31 export companies, among others.
- 32 k) National Federation of Agricultural Cooperatives (NFAC) - refers to a
33 federation of agricultural cooperatives that are engaged in agribusiness
34 and financial business for the benefit of the members through its
35 subsidiaries.
- 36 l) Wholesale Market - refers to a market, owned by the government and
37 managed by the National Federation of Agricultural Cooperatives
38 (NFAC) through its subsidiary/ies, where a trader buys farm produce
39 from the farmers, through the agricultural cooperatives, in bulk and re-
40 sells the goods to business houses or retailers to further sell the goods
41 to end consumers.
- 42 m) Cooperative Climate Resilience Fund - refers to a grant-making
43 mechanism that aims to ensure that agricultural cooperatives and their

1 farmer-members are protected from and resilient to the impact of climate
2 change.

3
4 **SEC. 4. *Registration and Supervision.*** – Agricultural Cooperatives shall be
5 governed by the general law on cooperatives, except as otherwise provided herein. In
6 connection with this, agricultural cooperatives must be registered with the
7 Cooperatives Development Authority (CDA) in order to be entitled to the privileges and
8 exemptions extended to cooperatives under Republic Act (RA) No. 9520, otherwise
9 known as the Philippine Cooperative Code of 2008.

10
11 An agricultural cooperative shall file its application for registration with the CDA
12 regional office that has jurisdiction over its area of operation. No fees shall be
13 assessed or charged to any agricultural cooperative by any government entity,
14 national or local, at any stage of its organization and registration process.

15
16 This notwithstanding, as the agency with the mandate to promote agricultural
17 development by providing policy framework, public investments, and support services,
18 the Department of Agriculture (DA) shall be the regulatory agency exercising primary
19 supervision over the National Federation of Agricultural Cooperatives (NFAC). The
20 Federation shall exercise supervision and control over its member-primary agricultural
21 cooperatives.

22
23 **SEC. 5. *Capital Requirements of Agricultural Cooperatives.*** – The authorized
24 share capital of an agricultural cooperative shall be stated in its Articles of
25 Cooperation. Prior to its registration, at least twenty-five percent (25%) of the
26 authorized share capital shall be subscribed to by the members, and at least twenty
27 five percent (25%) of the subscribed share capital shall be paid-up: *Provided*, That the
28 paid-up capitalization requirement for primary cooperatives shall not be less than
29 Fifteen Thousand Pesos (P15,000.00).

30
31 **SEC. 6. *Cooperative Business Activities and Allied Services.*** – A duly registered
32 agricultural cooperative may engage in all or any of the following activities:

- 33 a) Raising and/or culture of plants, high-value crops, animals, fish, poultry,
34 livestock, other agri-products as source of food, feed, and fiber, and
35 other agri-fishery or non-food commodities;
36 b) Production of salt;
37 c) Community and social forestry;
38 d) Provision of savings and credit facilities for marginal farmers and
39 fishermen;
40 e) Facilitating the procurement and distribution of farm inputs/implements
41 for its members;
42 f) Processing, marketing, and sale of members agri-products or produce;
43 g) Installation, maintenance, and management of irrigation systems, water
44 impounding, and other agricultural facilities; and

- 1 h) Other allied services such as, but not limited to, warehousing, cold
2 storage and other post-harvest services, hauling, transport of members'
3 products or produce, and such other similar business services and
4 activities that will reduce cost or add value.

5
6 SEC. 7. *Bond of Membership.* – The bond of membership of agricultural
7 cooperatives shall be any of the following:

- 8 a) Residential - members are farmers, farm workers, or fisherfolk who are
9 actually and physically residing within the area of operation;
10 b) Occupational - members are those who are engaged in raising or culture
11 of plants or animals, or are part of the technical and scientific
12 communities of the agriculture sector;
13 c) Associational - members are from registered associations, groups,
14 clubs, cultural and other similar aggrupation of farmers, farm workers,
15 and fisherfolk; and
16 d) Institutional - members are employees, workers, or officers of a particular
17 institution who are undertaking or will undertake agricultural projects:
18 *Provided, That at least fifty-one per centum (51%) of its members are*
19 *duly registered with the Registry System for Basic Sectors in Agriculture*
20 *(RSBSA).*

21
22 CHAPTER III
23 BENEFITS OF AGRICULTURAL COOPERATIVES

24
25 SEC. 8. *Tax Treatment of Agricultural Cooperatives that Transact with Non-*
26 *members.* – Notwithstanding any law or regulation to the contrary, duly registered
27 agricultural cooperatives that transact with both members and non-members, and with
28 reserve funds of One Hundred Million Pesos (P100,000,000.00) or below shall be
29 exempt from all National Internal Revenue taxes, fees, and charges of whatever name
30 and nature.

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

- 34 a) Income Tax on income derived from transactions with non-members:
35 *Provided, That the same tax is not consequently imposed on interest*
36 *individually received by members. The tax base for all cooperatives*
37 *liable to pay income tax shall be the income directly related from the*
38 *business transactions with non-members after deducting the amounts*
39 *for the statutory funds;*
40 b) Value-Added Tax (VAT) on transactions with non-members: *Provided,*
41 *however, That duly registered agricultural cooperatives shall be exempt*
42 *from the imposition of VAT, on the following:*
43 1) Sales by agricultural cooperatives duly registered with the DA to
44 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;

- 2) 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 socio-economic 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-

1 free imports and local purchases shall not be sold nor the
2 beneficial ownership thereof be transferred to any person until
3 after five (5) years, otherwise, the cooperative and the transferee
4 or assignee shall be solidarily liable to pay twice the amount of
5 the imposed tax and/or duties; and

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

10 b) Trainings and Conferences - All trainings and conferences for the
11 organization, registration, management and operations of an agricultural
12 cooperative, rendered by the appropriate government agency, shall be
13 given free of charge, including costs of venue, training materials,
14 speakers, and resource persons. The Cooperative Development Offices
15 (CDOs) shall be primarily responsible for these trainings and
16 conferences within their respective localities.

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

20 d) Negotiated Procurement by National and Local Government Agencies -
21 To promote and support agricultural cooperatives, national and local
22 government agencies shall negotiate the procurement of agricultural
23 products and other agricultural commodities from registered and
24 accredited agricultural cooperatives. Negotiated procurement of these
25 products and commodities shall follow RA No. 12009, or the New
26 Government Procurement Act, its implementing rules and regulations,
27 and applicable guidelines issued by the Government Procurement Policy
28 Board: *Provided*, That the procurement of said products and
29 commodities are necessary for the performance of the mandates of the
30 procuring entities.

31 e) Loans and Grants:

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

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

39 f) Strengthening Program for Agricultural Cooperatives - The government
40 through the DA and CDA shall introduce a program aimed at
41 strengthening agricultural cooperatives through mergers and
42 consolidations. This initiative, part of the government's broader effort to
43 enhance the stability and resilience of the agriculture sector, offers
44 income support incentives to encourage smaller agricultural

1 cooperatives and farmers associations to consolidate, so that it can lead
2 to improved operational efficiencies, reducing costs, and improving
3 service delivery for agricultural cooperatives. These may include grants
4 or subsidies that help build business scale and improve capital base,
5 operational synergies, broader service offerings, and risk mitigation.
6

7 SEC. 11. *Organization as a Multi-Purpose Cooperative.* – Notwithstanding any
8 law to the contrary, an agricultural cooperative may be organized as a multi-purpose
9 cooperative from its registration with the CDA: *Provided*, That it has complied with the
10 minimum requirements for an agricultural cooperative as prescribed by the CDA Rules
11 and Regulations.
12

13 SEC. 12. *Pre-Cooperative Agricultural Organization.* – Prior to registration with
14 the CDA, a group of natural persons intending to form an agriculture cooperative may
15 voluntarily form a Pre-Cooperative Agricultural Organization (PCAO) that shall have
16 its own juridical personality to undertake activities that shall determine the viability of
17 the creation of an agricultural cooperative. The PCAO must be registered as such with
18 the Cooperative Development Offices (CDOs) of the appropriate LGU where the
19 PCAO intends to operate. The Bureau of Agricultural Cooperatives may assist and
20 endorse PCAOs to CDA for registration.
21

22 The DA and CDA, in coordination with the CDOs, shall assist PCAOs so that
23 they can formally organize as agricultural cooperatives; *Provided*, that should the
24 PCAO decide to formally organize into a cooperative, it must comply with the
25 requirements under the law. Any contract executed by the PCAO prior to its
26 registration as an agricultural cooperative shall remain valid and binding between the
27 parties insofar as it redounds to the benefit of the cooperative.
28

29 The DA and CDA shall jointly issue guidelines on the mechanisms for PCAOs
30

31 CHAPTER IV 32 NATIONAL FEDERATION OF AGRICULTURAL COOPERATIVES 33

34 SEC. 13. *Organization of the National Federation of Agricultural Cooperatives*
35 *(NFAC).* – There is hereby organized the National Federation of Agricultural
36 Cooperatives (NFAC), (hereinafter, the "Federation"), which shall be the single
37 federation of agricultural cooperatives.
38

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

1 (NFAC). The DA and CDA shall issue the guidelines on the merger and/or
2 consolidation of existing federations of agricultural cooperatives.

3
4 SEC. 15. *Mandatory Membership of Primary Agricultural Cooperatives to the*
5 *Federation.* – It is compulsory for Primary Agricultural Cooperatives to become
6 members of the National Federation of Agricultural Cooperatives (NFAC).

7
8 SEC. 16. *Governance of the Federation.* – The Chairpersons of the member-
9 primary agriculture cooperatives shall comprise the General Assembly of the
10 Federation who shall elect and appoint the Officers and Management Staff in
11 accordance with its duly-approved Articles of Cooperation and By-Laws.

12
13 SEC. 17. *Primary Business Operations Through Subsidiary/ies.* – The
14 Federation shall be allowed to organize subsidiary cooperatives and/or corporations
15 that will engage in Agribusiness and Financial Business, the surplus and/or income of
16 which shall be utilized to fund, wholly or in part, the needed services of the member-
17 primary agricultural cooperatives. Such subsidiary/ies shall be registered with the
18 necessary regulatory authorities including, but not limiting to, the DA, CDA, SEC, and
19 Board of Investments, and shall enjoy the relevant exemptions and privileges under
20 this Act, the Cooperative Code, and other laws, rules, and regulations.

21
22 SEC. 18. *Channel and/or Partner of Farmer-Related Government and Non-*
23 *Government Programs, Projects, and Activities.* – The Federation shall serve as
24 channel and/or partner in the implementation of various Programs, Projects, and
25 Activities of National Government Agencies, Local Government Units, and Non-
26 Government Organizations for the benefit of the farmers and their respective families.

27
28 SEC. 19. *Inter-Cooperative Arrangements.* – The Federation shall be allowed
29 to enter into inter-cooperative arrangements with and among other non-agriculture
30 cooperative federations and other entities to pursue value and supply chain solutions
31 and other agribusiness development programs, subject to the guidelines to be jointly
32 promulgated by the DA and CDA.

33
34 SEC. 20. *Partnership and Joint Venture with Private Entities.* – Duly registered
35 private entities may enter into a partnership or joint venture with the Federation in order
36 to provide the latter with investments and technological support, such as, but not
37 limited to technological, logistics, and facilities support, among others. Such
38 partnership or joint venture shall be registered with the necessary regulatory
39 authorities, including the DA and CDA, and shall enjoy the relevant exemptions and
40 privileges under this Act, the Cooperative Code, and other laws, rules, and regulations.
41 This notwithstanding, the equity or contribution of such private entity shall not exceed
42 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 *per centum* (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 dusters 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.

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

4
5 SEC. 28. *Local Development Hubs.* – The DA and CDA shall jointly establish
6 Local Development Hubs (LDHs) in order to strengthen the market linkages between
7 farmers and buyers, fostering agricultural development and economic growth at the
8 local level. Further, they shall jointly issue the guidelines for the operations and
9 maintenance thereof.

10
11 SEC. 29. *Collaboration with the NFAC, Cooperative Development Councils,*
12 *and National Government Agencies.* – The Bureau shall, in collaboration with the
13 National Federation of Agricultural Cooperatives (NFAC), LGUs through the Regional,
14 Provincial, City, and Municipal Cooperative Development Councils, and the CDOs,
15 facilitate and promote programs and policies that enables the growth and development
16 of agricultural cooperatives. The DA, CDA, and the relevant LGU or agency in
17 consultation with NFAC shall issue a Joint Memorandum Circular for the
18 implementation of this provision. Agricultural cooperatives shall be entitled to financing
19 support from the relevant government agencies that shall allocate funds for the
20 establishment of projects and programs for the development and promotion of
21 agricultural cooperatives.

22
23 SEC. 30. *Sustainability and Innovation.* – The Bureau shall allocate funding and
24 support for the development and implementation of innovative and sustainable
25 agricultural practices.

26
27 SEC. 31. *Mentorship and Training.* – The Bureau shall implement programs
28 that will focus on the capacity and capability-building of members of agricultural
29 cooperatives, especially the empowerment of women and young farmers.

30 Among others, these programs may include:

- 31 a) Internship and apprenticeship programs with duly accredited agricultural
32 cooperatives, in partnership with the Committee on Higher Education
33 (CHED);
- 34 b) Certification programs for management and operation of agricultural
35 cooperatives, as well as related technical skills, in partnership with the
36 Technical Education and Skills Development Authority (TESDA);
- 37 c) Scholarships or student loan forgiveness, as may be necessary; and
- 38 d) Incentives for the discovery or development of innovative and
39 sustainable agricultural practices and techniques.

40
41 SEC. 32. *Assessment and Ratings.* – Upon the effectivity of this Act, the Bureau
42 shall establish an assessment and ratings system for agricultural cooperatives, which
43 shall measure the performance, including the social and community impact, of the
44 latter using both qualitative and quantitative metrics, and which shall be used to

1 classify and determine the best-performing agricultural cooperatives among various
2 categories. Thereafter, the Bureau and the CDA, In close coordination with NFAC shall
3 review the performance of registered agricultural cooperatives every three (3) years
4 and update their ratings accordingly.

5
6 The DA and CDA, in consultation with NFAC, shall use the foregoing in the
7 provision of incentives and benefits to agricultural cooperatives under the law.

8
9 SEC. 33. *Annual Trade Fair and Awards.* – The Bureau, in coordination with
10 the CDA and the National Federation of Agricultural Cooperatives (NFAC), shall
11 establish the Annual Agricultural Cooperatives Trade Fair and Awards to showcase
12 exemplary business achievement, latest innovations, and other emerging trends in the
13 sector.

14
15 The Bureau shall ensure that agricultural cooperatives are able to participate
16 and exhibit their products during said Fair and shall encourage the latter's participation
17 in other trade fairs and expos.

18
19 CHAPTER VIII
20 AGRICULTURAL COOPERATIVES COUNCIL

21
22 SEC. 34. *Creation of the Agricultural Cooperatives Council.* – There is hereby
23 created the Agricultural Cooperatives Council (hereafter, the "Council"), which shall
24 be the primary policy and planning body for the promotion, development, and
25 modernization of agricultural cooperatives and organizations.

26
27 SEC. 35. *Composition of the Council.* – The Council shall be composed of the
28 following members, or their duly authorized representatives:

- 29 a) Secretary of Agriculture, as Chairperson;
30 b) Chairperson of the CDA, Vice-Chairperson;
31 c) Undersecretary of the Department of Trade and Industry;
32 d) Undersecretary of the Department of Agrarian Reform;
33 e) Undersecretary of the Department of Environment and Natural
34 Resources;
35 f) Undersecretary of the Department of Education;
36 g) Undersecretary of the Department of Science and Technology;
37 h) Undersecretary of Department of Economy, Planning, and
38 Development;
39 i) Director-General of the Technical Education and Skills Development
40 Authority;
41 j) Executive Director of the National Disaster Risk Reduction and
42 Management Council;
43 k) Commissioner of the Commission on Higher Education;
44 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 the agricultural sector 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

1 improve inclusivity, the Council shall prioritize policies that seek to improve women
2 empowerment and youth participation in the sector, and which shall foster
3 sustainability and further opportunities for economic growth.

4
5 Further, the Council shall prioritize the implementation of policies that enhance
6 biodiversity, sustainability, and agroecology, and the development of innovative
7 farming techniques and practices.

8
9 SEC. 38. *Secretariat.* – The Bureau shall serve as the Secretariat to the
10 Council.

11
12 SEC. 39. *Per Diem.* – The members of the Council shall each receive a *per*
13 *diem* pursuant to existing laws, for each meeting of the Council actually attended:
14 *Provided*, That in the case of representatives from the private sector, the Council is
15 authorized to provide funds to defray the cost of reasonable travel expenses, in
16 addition to the *per diem*, as may be necessary.

17
18 SEC. 40. *Role of Local Government Units.* – The Local Government Units shall:

- 19 a) Ensure the appointment of CDOs in compliance with Republic Act No.
20 11535;
 - 21 b) Create a Committee on Agricultural Cooperatives Development in the
22 Local Government Legislative Council, which shall focus on addressing
23 legislative concerns of agricultural cooperatives;
 - 24 c) Disseminate information and promote agricultural cooperatives in their
25 respective localities;
 - 26 d) Facilitate the establishment and develop the management and
27 operations of agricultural cooperatives within their jurisdictions;
 - 28 e) Expedite the issuance of necessary permits for the implementation of
29 projects and programs of the DA, CDA, and other government agencies
30 and instrumentalities for the benefit of agricultural cooperatives;
 - 31 f) Upon written request of the CDA, assist in the resolution of inter-
32 cooperative disputes among agricultural cooperatives operating within
33 their localities;
 - 34 g) Facilitate and conduct seminars, trainings, and conferences necessary
35 for the organization, registration, management, and operations of
36 agricultural cooperatives, in coordination with cooperative federations
37 and unions; and
 - 38 h) Provide technical assistance and skills training for farmers, farm
39 workers, and fisherfolk to engage in income-generating activities.
- 40
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44

1 CHAPTER IX
2 OTHER PROVISIONS
3

4 SEC. 41. *Appropriations.* – The amount necessary for the initial implementation
5 of this Act shall be taken from the current fiscal year's appropriation of the DA and DTI.
6 Thereafter, the amount necessary to carry out the provisions of this Act shall be
7 appropriated in the General Appropriations Act of the year following its enactment into
8 law.
9

10 SEC. 42. *Implementing Rules and Regulations.* – Within ninety (90) days from
11 the effectivity of this Act, the DA, in coordination with the relevant departments and
12 agencies, and in consultation with agricultural cooperatives, shall issue the necessary
13 rules and regulations to implement this Act.
14

15 SEC. 43. *Joint Congressional Oversight Committee on Agricultural*
16 *Cooperatives.* – There is hereby created a Joint Oversight Committee to oversee,
17 monitor, and evaluate the implementation of this Act.
18

19 The Oversight Committee shall be composed of five (5) members each from
20 the Senate and House of Representatives, including Chairpersons of the Committee
21 on Agriculture and Cooperatives of both Chambers.
22

23 The membership of the Committee of each Chamber shall have at least two (2)
24 members from the minority.
25

26 SEC. 44. *Annual Reports.* – The Council shall submit an annual report to the
27 Congress of the Philippines on the progress of its projects and plans and offer
28 recommendations for possible legislation.
29

30 SEC. 45. *Sunset Review.* – Within five (5) years after the effectivity of this Act,
31 or as the need arises, the Joint Congressional Committee on Agricultural Cooperatives
32 shall conduct a sunset review.
33

34 For purposes of this Act, the term "sunset review" shall mean a systematic
35 evaluation of the accomplishments and impact of this Act, as well as the performance
36 and organizational structure of its implementing entities, for purposes of determining
37 remedial legislation.
38

39 SEC. 46. *Repealing Clause.* – All laws, decrees, executive orders,
40 administrative orders, rules and regulations, or parts thereof, inconsistent with the
41 provisions of this Act are hereby repealed or modified accordingly.
42

1 SEC. 47. *Separability Clause.* – If any provision or part of this Act is declared
2 invalid or unconstitutional, the other provisions not affected thereby shall remain
3 valid and subsisting.

4
5 SEC. 48. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after
6 its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,