



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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 5315



Introduced by Representative Howard A. Guintu

EXPLANATORY NOTE

Section 5, Article XIII of the 1987 Constitution provides “[t]he State recognizes the right of farmers, farmworkers, and landowners, as well as cooperatives, and other independent farmers’ organizations to participate in the planning, organization, and management of the program, and shall provide support to agriculture through appropriate technology and research, and adequate financial, production, marketing, and other support services.”

Agriculture remains among the most vital sectors of our nation. According to the 2022 Census of Agriculture and Fisheries, there are 19.68 million farmers in the Philippines—representing roughly 22 percent of the country’s total population. These portion of our population is the backbone of our food security and rural economy.

Despite their indispensable role, farmers remain among the poorest sectors in our society. As reported by the Philippine Statistics Authority (PSA), the poverty incidence among farmers stood at 27 percent in 2023. This persistent poverty is rooted in several systemic challenges: lack of access to modern equipment and technologies, limited and often inaccessible affordable credit, weak bargaining power in the value chain resulting in low farmgate prices, and inadequate linkage to institutional buyers and markets.

This measure seeks to strengthen the agricultural sector through the promotion and development of agricultural cooperatives (agri-coops). By organizing into cooperatives, farmers can collectively access support mechanisms that are otherwise difficult to obtain individually.

Under this proposed measure, agricultural cooperatives shall be empowered—with the assistance of the Department of Agriculture, the Cooperative Development Authority, and local government units—to gain access to credit and financial assistance, enjoy fiscal incentives, benefit from capacity-building and technology transfer programs, and be directly linked to institutional markets.

Through this approach, we aim to foster inclusive growth in agriculture, enhance farmers’ productivity and income, and promote the sustainability and competitiveness of our agricultural sector.

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

HOWARD A. GUINTU
Representative, First District of Capiz



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AN ACT
TO PROMOTE THE DEVELOPMENT OF AGRICULTURE COOPERATIVES IN THE PHILIPPINES, PROVIDING SUPPORT TO FARMERS AND THEIR ASSOCIATIONS, AND FOR OTHER PURPOSES

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

SECTION 1. *Short Title.* This Act shall be known as the "*Agriculture Cooperatives Development Act.*"

SEC. 2. *Declaration Policy.* It is hereby declared the policy of the State to foster a self-reliant and efficient agriculture sector by strengthening the collective capacities of Filipino farmers through the promotion and development of agriculture cooperatives (agri-coops). The State recognizes agri-coops as vital instruments in reducing rural poverty, enhancing farm productivity, and achieving inclusive and sustainable agriculture and rural development.

SEC. 3. *Statement of Objectives.* This Act shall pursue the following objectives:

- a) Encourage and facilitate the organization, registration, and professional management of agri-coops in every barangay;
- b) Enhance farmers' bargaining power and market access through collective marketing, bulk purchasing, and value-adding activities;
- c) Expand farmers' access to affordable credit, crop insurance, appropriate technology, and climate-resilient farming practices;
- d) Strengthen linkages between agri-coops and government agencies, local government units (LGUs), private agribusinesses, and financial institutions; and
- e) Institutionalize an enabling policy environment that provides fiscal incentives, capacity-building, and continuous technical assistance to agri-coops.

SEC. 4. *Definition of Terms.* As used in this Act:

- a) Agriculture Cooperative or Agri-Coop - refers to a primary or secondary cooperative organized by farmers, farmworkers, fisherfolk, or their duly recognized associations, and registered under Republic Act No. 9520 and its implementing rules, whose principal purpose is the production, marketing, or processing of agricultural and aquaculture products and services.

- b) Farmer - refers to any natural person primarily engaged in the cultivation of land or the growing of crops, raising of livestock, poultry, or aquaculture, either as owner, tenant, lessee, or laborer.
- c) Smallholder farmer - refers to a farmer cultivating not more than three (3) hectares of agricultural land or producing on an equivalent scale in fisheries and livestock.
- d) Professional Manager - refers to an individual with proven managerial competence and at least three (3) years' experience in cooperative or agribusiness management, duly appointed by the board of directors of an agri-coop.
- e) Administrative Officer - refers to an individual responsible for day-to-day administrative, financial, and records management functions of an agri-coop.

SEC. 5. *Registration and Formation of Agri-Coops.* - All existing farmers' associations, irrigators' associations, and other agricultural groups operating at the barangay level are encouraged to register as agri-coops pursuant to Memorandum Circular (MC) No. 2015-05 of the Cooperative Development Authority (CDA) and related guidelines.

The Department of Agriculture (DA) and the CDA shall establish a Barangay Agri-Coop Desk in every Municipal Agriculture Office to conduct year-round information campaigns, pre-membership education seminars, and on-site registration caravans.

SEC. 6. *Professional Management and Administration.* - Every agri-coop shall engage a Professional Manager and an Administrative Officer who shall be selected and appointed by its board of directors in accordance with its bylaws.

The CDA, in coordination with the DA-Agribusiness and Marketing Assistance Service (AMAS), shall maintain a national registry of accredited agri-coop managers and officers and shall administer a ladderized competency-based certification program that shall be reviewed and updated every three (3) years.

SEC. 7. *Priority in Government Procurement.* - All national government agencies, GOCCs, LGUs, and state universities and colleges implementing school-based feeding, welfare, disaster relief, or related programs shall give preference, whenever feasible, to duly registered agri-coops in the procurement of rice, corn, vegetables, fruits, aquaculture, and livestock products, consistent with Republic Act No. 9184 and its IRR.

SEC. 8. *Access to Credit and Financial Assistance.* - The Land Bank of the Philippines, Development Bank of the Philippines, and the Agricultural Credit Policy Council (ACPC) shall earmark at least ten percent (10%) of their annual agriculture-related loan portfolio for direct or wholesale lending to agri-coops at concessional rates.

Agri-coops shall be eligible beneficiaries of the existing credit guarantee and crop insurance programs of the Philippine Crop Insurance Corporation.

SEC. 9. *Fiscal Incentives.* - Consistent with Section 60 of Republic Act No. 9520, agri-coops shall enjoy the following additional incentives for a period of ten (10) years from registration or from the effectivity of this Act, whichever is later:

- a) Exemption from value-added tax (VAT) on the sale of raw agricultural products to institutional buyers;
- b) Reduced documentary stamp tax of Fifty percent (50%) on loan agreements not exceeding Ten Million Pesos (PhP 10,000,000.00); and
- c) Priority access to farm mechanization grants and post-harvest facilities under the Rice Competitiveness Enhancement Fund and similar programs.

SEC. 10. *Capacity-Building and Technology Support.* - The DA, in partnership with the Technical Education and Skills Development Authority (TESDA), state universities and colleges, and private agritech providers, shall develop a dedicated Agri-Coop Capacity-Building Curriculum and corresponding certification modules covering governance, financial literacy, value-chain development, climate smart agriculture, and digital platforms for farm management and e-commerce.

SEC. 11. *Market Linkage and Value Chain Integration.* - The DA-Agribusiness and Marketing Assistance Service (AMAS) shall establish an Agri-Coop Marketplace Portal consolidating supply information from registered agri-coops and facilitating real-time matching with institutional buyers, exporters, and processors.

SEC. 12. *Agri-Coop Development Fund.* - There is hereby created an Agri-Coop Development Fund (ACDF) to be managed by the CDA, seeded with an initial appropriation of Five Billion Pesos (PhP 5,000,000,000.00), to finance start-up grants, equity investments, shared service facilities, and capacity-building projects for agri-coops.

SEC. 13. *Lead Agency.* - The CDA shall be the lead agency for the implementation of this Act in coordination with the DA, Department of Trade and Industry, Department of Agrarian Reform, Department of Science and Technology, LGUs, and other agencies. The CDA shall coordinate all national activities under this Act, including oversight of the Agri-Coop Development Fund and implementation of the five-year roadmap.

SEC. 14. *Inter-Agency Committee.* - An Inter-Agency Committee on Agri-Coop Development (IAC-ACD) is hereby constituted, chaired by the CDA and co-chaired by the DA, to formulate a five-year National Agri-Coop Development Roadmap and oversee its implementation.

SEC. 15. *Monitoring and Evaluation.* - The IAC-ACD shall submit to Congress an annual report on the status of agri-coops nationwide, utilization of the ACDF, and outcome indicators such as farmer income, cooperative survival rate, and market share.

SEC. 16. *Appropriations.* - The funds necessary to carry out the initial implementation of this Act shall be charged against the current year's appropriations of the CDA, DA, and other concerned agencies. Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

SEC. 17. *Implementing Rules and Regulations.* - The CDA and the DA, in consultation with concerned agencies, agri-coop federations, and civil-society organizations, shall promulgate the rules and regulations for the effective implementation of this Act within sixty (60) days from its effectivity.

SEC. 18. *Separability Clause.* - If any provision of this Act is declared unconstitutional or invalid, the remainder hereof shall not be affected and shall remain in full force and effect.

SEC. 19. *Repealing Clause.* - All laws, presidential decrees, executive orders, rules, and regulations, or parts thereof, inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 20. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,