

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 9275



Introduced by Lone District of Agusan del Norte Representative
HON. DALE B. CORVERA

AN ACT
ESTABLISHING THE BUREAU OF AGRICULTURAL COOPERATIVE AND
INDUSTRY DEVELOPMENT (BACID) UNDER THE DEPARTMENT OF
AGRICULTURE, DEFINING ITS POWERS AND FUNCTIONS,
STRENGTHENING AGRICULTURAL AND AGRARIAN REFORM
COOPERATIVES, AND APPROPRIATING FUNDS THEREFOR

EXPLANATORY NOTE

The agricultural sector remains a cornerstone of the Philippine economy, employing a significant portion of the labor force and serving as the backbone of rural livelihoods. Despite its importance, the sector continues to face persistent challenges, including low productivity, fragmented landholdings, limited access to markets and financing, and weak integration into value chains. Agricultural cooperatives have long been recognized as critical instruments in addressing these constraints by enabling smallholder farmers to pool resources, access services, and strengthen their bargaining power.

Historically, the Bureau of Agricultural Cooperatives (BAC) under the Department of Agriculture (DA) played a vital role in providing technical assistance, credit facilitation, and capacity-building support to agricultural cooperatives. However, with the enactment of Republic Act No. 6939, the functions of the BAC were absorbed into the Cooperative Development Authority (CDA), which was mandated to regulate and oversee all cooperatives nationwide.

While this consolidation aimed to streamline cooperative governance, it inadvertently constrained the ability of government to adequately address the sector-specific needs of agricultural cooperatives, whose operations are closely intertwined with agricultural production systems, supply chains, and rural development programs. Studies and policy assessments have shown that agricultural cooperatives require specialized support in areas such as value chain integration, post-harvest systems, logistics, and market access, which go beyond regulatory oversight and necessitate close coordination with the DA's programs and infrastructure support.¹

This bill seeks to address these gaps through the establishment of the Bureau of Agricultural Cooperative and Industry Development (BACID) under the Department of Agriculture. The

¹ Philippine Institute for Development Studies (PIDS). *Studies on agricultural cooperatives highlight the need for targeted institutional and value chain support beyond regulatory frameworks.*

proposed Bureau restores and strengthens the developmental mandate of the former BAC while expanding its scope to respond to the evolving demands of modern agriculture.

BACID shall serve as the primary government agency responsible for the development, empowerment, and modernization of agricultural and agrarian reform cooperatives. It shall provide targeted interventions, including technical assistance, enterprise development, financing facilitation, and capacity-building programs, tailored specifically to the needs of farmer-based organizations. By situating BACID within the DA, the government ensures stronger institutional alignment and coordination with key agricultural programs, including production support, farm mechanization, post-harvest infrastructure, and market linkage initiatives.

Beyond traditional cooperative development, this measure introduces a forward-looking and transformative mandate by integrating agricultural industry development into the Bureau's functions. BACID shall promote value-added activities such as agro-processing, storage, transportation, logistics, and product branding—critical components that enable farmers to move up the value chain and capture greater economic returns. This approach is consistent with the government's thrust toward agribusiness development and rural industrialization, as emphasized in national development plans.²

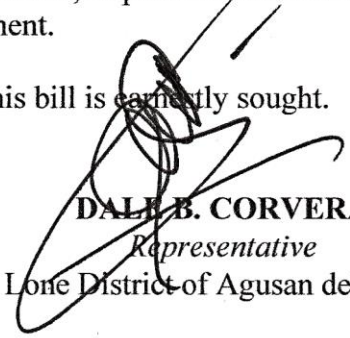
Moreover, the bill advances the strategy of farm clustering and consolidation through cooperatives, addressing the long-standing issue of fragmented landholdings that limit productivity and economies of scale. By organizing smallholder farmers into cohesive production units, BACID will facilitate efficient resource utilization, improved access to technology, and stronger market participation. This is aligned with the Department of Agriculture's farm clustering and consolidation program, which has been identified as a key strategy for enhancing competitiveness in the sector.³

The measure promotes contract growing arrangements and partnerships between cooperatives and agribusinesses to ensure stable markets, predictable incomes, and access to technical and financial support for farmers—mechanisms widely recognized as effective in integrating smallholders into modern value chains.⁴

The proposed legislation clearly delineates the roles of BACID and the CDA. While the CDA retains authority over registration, regulation, and governance, BACID will focus on development, capacity-building, and market integration, ensuring coherence and avoiding overlap.

By establishing BACID, the government reinforces its commitment to a resilient and inclusive agricultural sector. The Bureau will empower cooperatives, improve farmer incomes, enhance food security, and support sustainable rural development.

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


DALE B. CORVERA
Representative
Lone District of Agusan del Norte

¹ Philippine Institute for Development Studies (PIDS). *Studies on agricultural cooperatives highlight the need for targeted institutional and value chain support beyond regulatory frameworks.*

² National Economic and Development Authority (NEDA), *Philippine Development Plan 2023–2028*, which emphasizes agricultural modernization, value chain development, and rural industrialization.

³ Department of Agriculture (DA). *Farm Clustering and Consolidation Program*, promoting scale efficiency and market competitiveness among smallholder farmers.

⁴ Food and Agriculture Organization (FAO). *Research on contract farming and smallholder integration into value chains as drivers of rural development and income growth.*

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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 “*Agricultural Cooperative and Industry Development Act of 2026.*”

SEC. 2. *Declaration of Policy.* It is the policy of the State to promote the development, modernization, and competitiveness of the agricultural sector through the strengthening of agricultural cooperatives and agrarian reform cooperatives (ARCs) as engines of rural development, food security, poverty reduction, and inclusive growth.

The State recognizes that cooperatives play a critical role in aggregating production, improving market access, enabling value addition, and increasing farmer incomes. Toward this end, the State shall:

- a. Support the professionalization and scaling up of agricultural cooperatives;
- b. Promote value-added agricultural activities, including agro-processing, logistics, storage, branding, and market integration;
- c. Facilitate access to technology, financing, and stable markets; and
- d. Ensure whole-of-government coordination, without prejudice to the regulatory mandate of the Cooperative Development Authority (CDA).

SEC. 3. *Creation of the Bureau of Agricultural Cooperative and Industry Development (BACID).* There is hereby created the Bureau of Agricultural Cooperative and Industry Development (BACID) as a regular bureau under the Department of Agriculture (DA).

BACID shall serve as the primary implementing arm of the DA for cooperative-based agricultural modernization and industry development.

SEC. 4. Scope and Jurisdiction. BACID shall cover:

- a. Agricultural cooperatives;
- b. Agrarian reform cooperatives (ARCs); and
- c. Other farmer-based organizations transitioning into cooperative enterprises.

The CDA shall retain exclusive jurisdiction over registration, regulation, and supervision of cooperatives. BACID shall focus on development, capacity-building, industry integration, and economic scaling.

SEC. 5. Mandate. BACID shall:

- a. Develop and strengthen cooperatives as viable agribusiness enterprises;
- b. Drive agricultural modernization through cooperative-led value chains;
- c. Integrate smallholder farmers into organized production, processing, and market systems; and
- d. Promote inclusive and sustainable rural industrialization.

SEC. 6. Powers and Functions. BACID shall have the following powers and functions:

- a. Design and implement national programs for cooperative development, including technical assistance, enterprise development, and institutional strengthening;
- b. Promote value chain development, including agro-processing, storage, logistics, transport, and digital market platforms;
- c. Facilitate farm clustering, consolidation, and cooperative farming systems to achieve economies of scale;
- d. Develop and support contract growing and market linkage arrangements between cooperatives and agribusiness firms;
- e. Expand cooperative participation in domestic and export markets, ensuring fair pricing and income stability;
- f. Facilitate access to financing, credit guarantees, grants, and subsidies for infrastructure and enterprise development;
- g. Implement capacity-building programs on governance, financial management, and agribusiness operations;
- h. Coordinate with the Department of Agriculture, Department of Agrarian Reform, CDA, DTI, LGUs, and other agencies for integrated rural development;

- i. Establish a monitoring and evaluation system to track cooperative performance, income growth, and market participation;
- j. Ensure compliance with quality standards, sustainability practices, and climate-resilient agriculture; and
- k. Perform such other functions as may be necessary to carry out its mandate.

SEC. 7. *Organizational Structure.* BACID shall be headed by an Executive Director, with the rank of Undersecretary, appointed by the President upon recommendation of the Secretary of Agriculture.

The Bureau shall have appropriate technical, regional, and support divisions, including but not limited to:

- a. Cooperative Development and Training
- b. Agribusiness and Value Chain Development
- c. Finance and Investment Facilitation
- d. Monitoring and Evaluation

The Department of Agriculture, in coordination with the Department of Budget and Management (DBM), shall determine the staffing pattern and organizational structure.

SEC. 8. *Inter-Agency Coordination Mechanism.* An Inter-Agency Coordinating Council on Agricultural Cooperatives is hereby created, composed of:

- a. Department of Agriculture (Chairperson)
- b. Cooperative Development Authority
- c. Department of Agrarian Reform
- d. Department of Trade and Industry
- e. Land Bank of the Philippines and Development Bank of the Philippines
- f. Representatives from the cooperative sector

The Council shall ensure policy coherence, program alignment, and efficient resource utilization.

SEC. 9. *Transitory Provisions.* Relevant functions, personnel, records, and resources from existing DA units related to agricultural cooperative development shall be transferred to BACID.

No regulatory powers shall be transferred from the CDA.

SEC. 10. *Appropriations.* The initial funding shall be charged against the current appropriations of the Department of Agriculture. Thereafter, funds shall be included in the annual General Appropriations Act.

BACID may also mobilize resources from public-private partnerships, official development assistance, and other funding sources.

SEC. 11. *Implementing Rules and Regulations.* The Department of Agriculture, in coordination with the CDA and other relevant agencies, shall promulgate the IRR within ninety (90) days from effectivity.

SEC. 12. *Separability Clause.* If any provision is declared invalid, the remaining provisions shall remain in full force and effect.

SEC. 13. *Repealing Clause.* All laws, rules, and regulations inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 14. *Effectivity.* This Act shall take effect fifteen (15) days after publication in the Official Gazette or in a newspaper of general circulation.

Approved,