

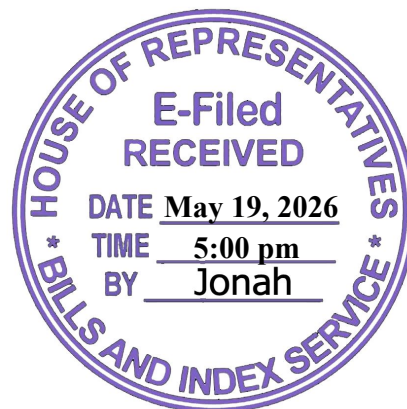


Republic of the Philippines
House of Representatives
Quezon City

TWENTIETH CONGRESS

First Regular Session

House Bill No. 9339



Introduced by Representative Jernie Jett V. Nisay

EXPLANATORY NOTE

Agricultural cooperatives play a vital role in strengthening food security, increasing farmers' incomes, and promoting inclusive rural development. Under Republic Act No. 9520, otherwise known as the "Philippine Cooperative Code of 2008," cooperatives are recognized as instruments for improving the quality of life of their members and advancing economic and social development.

Despite their importance, many agricultural cooperatives continue to face challenges such as limited access to financing, inadequate institutional support, low productivity, and insufficient market integration. These difficulties hinder the growth and competitiveness of the agricultural sector, particularly among small farmers and marginalized rural communities.

This bill seeks to institutionalize stronger government support mechanisms for agricultural cooperatives by promoting their development, modernization, and protection. It aims to enhance their capacity through support structures, training, inclusive growth programs, and improved access to opportunities that will empower farmers, women, and youth participation in the agricultural economy.

Through this measure, the State recognizes agricultural cooperatives as essential partners in achieving sustainable agricultural development, poverty reduction, and national food security.

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


REP. JERNIE JETT V. NISAY
Pusong Pinoy Partylist



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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".

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.

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

10 CHAPTER II 11 GENERAL PROVISIONS

12
13 **SEC. 3. *Definition of Terms.*** - For purposes of this Act, the following terms shall mean:

- 14
15 (a) Agribusiness - refers to a range of activities that occur in the agricultural
16 value chain utilized in modern food production, including but not limited to
17 farming, forestry, fishing operations, as well as seed supply, agrichemicals,
18 related machineries, processing, storage, marketing, distribution, and sales,
19 whether wholesale or retail;
- 20 (b) Agricultural Cooperative - refers to a type of cooperative comprising farmers,
21 fisherfolk, agrarian reform beneficiaries, dairy farmers, community forestry
22 farmers, aquaculture farmers, and other individuals engaged in agricultural
23 activities. These individuals voluntarily organized themselves into an
24 agricultural-based economic enterprise, including subsidiary agricultural
25 cooperatives formed by existing multi-purpose cooperatives and multi-
26 purpose cooperatives whose primary business activity is at least fifty percent
27 (50%) related to agricultural production, agro-industry, agri-business, or
28 services related to agricultural production. Agricultural activities
29 encompassed by the cooperative include the production, processing,
30 agrologistics, and distribution of agricultural, fishery, and forestry products.
31 The cooperative also provides a range of services aimed at improving the
32 livelihood, income, and overall welfare of its members. These services
33 include savings and credit, marketing, agricultural extension, farm
34 education, agri-tourism, digital agriculture, and other allied services related
35 to climate resiliency and safety nets;
- 36 (c) Asset Development - refers to the growth and improvement, according to
37 targeted goals and objectives, of key instruments and resources for
38 agricultural operations, such as, but not limited to, land, buildings, which may
39 include residences, warehouses, or barns, irrigation systems, fences, and
40 trees;
- 41 (d) Build Scale - refers to the growth or expansion of agribusiness in a
42 proportional and profitable manner;
- 43 (e) Cooperative - refers to an autonomous and duly registered association of
44 persons, with a common bond of interest, who have voluntarily joined
45 together to achieve their social, economic, and cultural needs and

1 aspirations by making equitable contributions to the capital required,
2 patronizing their products and services, and accepting a fair share of the
3 risks and benefits of the undertaking in accordance with universally accepted
4 cooperative principles;

- 5 (f) Clustering - refers to the process by which multiple agribusinesses, each
6 involved in different stages of the agricultural value chain, combine their
7 operations into a single hub. This collaboration aims to enhance operational
8 efficiency, streamline processes, and maximize profits through integrated
9 efforts;
- 10 (g) Criteria for Assessment and Ratings - refers to a set of standards in
11 determining that the performance of an agricultural cooperative, which
12 includes, among others, enterprise management, adherence to cooperative
13 principles, and product or service quality;
- 14 (h) Family Farming - refers to an agribusiness operation that is managed and
15 operated by a family unit, related by consanguinity or affinity, whether
16 nuclear or extended, and which predominantly relies on the labor of the
17 members of such family for its operations. The family and the farm, therefore,
18 are inextricably linked, and co-evolve with each other;
- 19 (i) Local Development Hub (LDH) - refers to a farming zone or transport
20 infrastructure, which is generally far from formal markets. An LDH serves
21 around five hundred (500) to one thousand (1,000) farmers, and links them
22 to buyers, which may be, among others, traders, processors, and export
23 companies, among others.
- 24 (j) National Federation of Agricultural Cooperatives (NFAC) - refers to a
25 federation of agricultural cooperatives that are engaged in agribusiness and
26 financial business for the benefit of the members through its subsidiaries.
- 27 (k) Wholesale Market - refers to a market, owned by the government and
28 managed by the National Federation of Agricultural Cooperatives (NFAC)
29 through its subsidiary/ies, where a trader buys farm produce from the
30 farmers, through the agricultural cooperatives, in bulk and re-sells the goods
31 to business houses or retailers to further sell the goods to end consumers.
- 32 (l) Cooperative Climate Resilience Fund - refers to a grant-making mechanism
33 that aims to ensure that agricultural cooperatives and their farmer-members
34 are protected from and resilient to the impact of climate change.

35 **SEC. 4. Registration and Supervision.** - Agricultural Cooperatives shall be governed
36 by the general law on cooperatives, except as otherwise provided herein. In connection
37 with this, agricultural cooperatives must be registered with the Cooperative
38 Development Authority (CDA) in order to be entitled to the privileges and exemptions
39 extended to cooperatives under Republic Act (RA) No. 9520, otherwise known as the
40 Philippine Cooperative Code of 2008.

41
42 An agricultural cooperative shall file its application for registration with the CDA regional
43 office that has jurisdiction over its area of operation. No fees shall be assessed or

1 charged to any agricultural cooperative by any government entity, national or local, at
2 any stage of its organization and registration process.

3
4 This notwithstanding, as the agency with the mandate to promote agricultural
5 development by providing policy framework, public investments, and support services,
6 the Department of Agriculture (DA) shall be the regulatory agency exercising primary
7 supervision over the National Federation of Agricultural Cooperatives (NFAC). The
8 Federation shall exercise supervision and control over its member-primary agricultural
9 cooperatives.

10
11 **SEC. 5. Capital Requirements of Agricultural Cooperatives.** - The authorized share
12 capital of an agricultural cooperative shall be stated in its Articles of Cooperation. Prior
13 to its registration, at least twenty-five percent (25%) of the authorized share capital shall
14 be subscribed to by the members, and at least twenty-five percent (25%) of the
15 subscribed share capital shall be paid-up: Provided, That the paid-up capitalization
16 requirement for primary cooperatives shall not be less than Fifteen Thousand Pesos
17 (P15,000.00).

18
19 **SEC. 6. Cooperative Business Activities and Allied Services.** - A duly registered
20 agricultural cooperative may engage in all or any of the following activities:

- 21 a. Raising and/or culture of plants, high-value crops, animals, fish, poultry,
22 livestock, other agri-products as source of food, feed, and fiber, and other
23 agri-fishery or non-food commodities;
- 24 b. Production of salt;
- 25 c. Community and social forestry;
- 26 d. Provision of savings and credit facilities for marginal farmers and fishermen;
- 27 e. Facilitating the procurement and distribution of farm inputs/implements for its
28 members;
- 29 f. Processing, marketing, and sale of members' agri-products or produce;
- 30 g. Maintenance and management of irrigation systems, water impounding, and
31 other agricultural facilities; and
- 32 h. Other allied services such as, but not limited to, warehousing, cold storage
33 and other post-harvest services, hauling, transport of members' products or
34 produce, and such other similar business services and activities that will
35 reduce cost or add value.

36 **SEC. 7. Bond of Membership.** - The bond of membership of agricultural cooperatives
37 shall be any of the following:

- 38 a. Residential - members are farmers, farm workers, or fisherfolk who are
39 actually and physically residing within the area of operation;
- 40 b. Occupational - members are those who are engaged in raising or culture of
41 plants or animals, or are part of the technical and scientific communities of
42 the agriculture sector;

- 1 c. Associational - members are from registered associations, groups, clubs,
2 cultural and other similar aggrupation of farmers, farm workers, and fisherfolk;
3 and
4 d. Institutional - members are employees, workers, or officers of a particular
5 institution who are undertaking or will undertake agricultural projects.
6 Provided, that at least fifty-one per centum (51%) of its members are duly
7 registered with the Registry System for Basic Sectors in Agriculture (RSBSA).

8
9 **CHAPTER III**
10 **BENEFITS OF AGRICULTURAL COOPERATIVES**

11
12 **SEC. 8. *Tax Treatment of Agricultural Cooperatives that Transact with***
13 ***Nonmembers.*** - Notwithstanding any law or regulation to the contrary, duly registered
14 agricultural cooperatives that transact with both members and non-members, and with
15 reserve funds of One Hundred Million Pesos (P100,000,000.00) or below shall be
16 exempt from all national internal revenue taxes, fees, and charges of whatever name
17 and nature.

18
19 On the other hand, if such agricultural cooperatives have reserve funds of greater than
20 One Hundred Million Pesos (P100,000,000.00) shall pay the following taxes on their
21 transactions with non-members:

- 22 a. Income Tax on income derived from transactions with non-members:
23 Provided, That the same tax is not consequently imposed on interest
24 individually received by members. The tax base for all cooperatives liable to
25 pay income tax shall be the income directly related from the business
26 transactions with non-members after deducting the amounts for the statutory
27 funds;
28 b. Value-Added Tax (VAT) on transactions with non-members: Provided,
29 however, that duly registered agricultural cooperatives shall be exempt from
30 the imposition of VAT, on the following:
31 i. Sales by agricultural cooperatives duly registered with the DA
32 to their members as well as sale of their produce, whether in its
33 original state or processed form, to non-members; their
34 importation of direct farm inputs, machineries and equipment,
35 including spare parts thereof, to be used directly and
36 exclusively in the production and/or processing of their
37 produce, and their resale to other agricultural cooperatives;
38 ii. Gross receipts from lending activities towards its members or
39 other agricultural cooperatives;
40 Provided, That the exempt transactions in the foregoing shall
41 include sales made by agricultural cooperatives duly registered
42 with the DA organized and operated by their members to
43 undertake the production and processing of raw materials or of
44 goods produced by their members into finished or process

1 products for sale by the cooperatives to their members and non-
2 members: Provided, however, that any processed product or its
3 derivative arising from the raw materials produced by their
4 members, sold in the name and for the account of the
5 cooperative shall be deemed a product of the cooperative and
6 its members: Provided, further, That at least twenty five per
7 centum (25%) of the net income of the cooperatives is returned
8 to the members in the form of interest and/or patronage
9 refunds.

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

12 d. All other taxes unless otherwise provided herein.

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

16
17 **SEC. 9. Tax Treatment of Agricultural Cooperatives that Transact with Members**

18 **Only.** - Duly registered agricultural cooperatives under this Act which do not transact
19 any business with non-members or the general public shall not be subject to any taxes,
20 fees, and charges imposed under the internal revenue laws and other tax laws.

21
22 **SEC. 10. Other Benefits and Privileges of Agricultural Cooperatives.** - An
23 agricultural cooperative shall enjoy the following benefits and privileges:

24 a. Taxes, Duties, and Liens:

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

28 (2) Agricultural cooperatives shall be exempt from customs duties,
29 advance sales or compensating taxes on their importation and
30 local purchase of machineries, equipment, accessories, batteries,
31 and spare parts used by them: Provided, That all tax- and duty-
32 free imports and local purchases shall not be sold nor the beneficial
33 ownership thereof be transferred to any person until after five (5)
34 years, otherwise, the cooperative and the transferee or assignee
35 shall be solidarily liable to pay twice the amount of the imposed tax
36 and/or duties; and

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

41 b. Trainings and Conferences - All trainings and conferences necessary for the
42 organization, registration, management and operations of an agricultural
43 cooperative, rendered by the appropriate government agency, shall be given
44 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.

d. Direct Purchase by National and Local Government Agencies - To promote and support agricultural cooperatives, national and local government agencies shall directly purchase at least fifty percent (50%) of their targeted agricultural products from 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).

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

SEC. 15. *Mandatory Membership of Primary Agricultural Cooperatives to the Federation.* - It is compulsory for Primary Agricultural Cooperatives to become members of the National Federation of Agricultural Cooperatives (NFAC).

SEC. 16. *Governance of the Federation.* - The Chairpersons of the member primary agricultural cooperatives shall comprise the General Assembly of the Federation who

1 shall elect and appoint the Officers and Management Staff in accordance with its duly-
2 approved Articles of Cooperation and By-Laws.

3
4 **Sec. 17. Primary Business Operations Through Subsidiary/ies.** - The Federation
5 shall be allowed to organize subsidiary cooperatives and/or corporations that will
6 engage in Agribusiness and Financial Business the surplus and/or income of which
7 shall be utilized to fund, wholly or in part, the needed services of the member-primary
8 agricultural cooperatives. Such subsidiary/ies shall be registered with the necessary
9 regulatory authorities including, but not limiting to, the DA, CDA, SEC and Board of
10 Investments and shall enjoy the relevant exemptions and privileges under this Act, the
11 Cooperative Code, and other laws, rules and regulations.

12
13 **Sec. 18. Channel And/Or Partner of Farmer-Related Government and Non-**
14 **Government Programs, Projects and Activities.** - The Federation shall serve as
15 channel and/or partner in the implementation of various Programs, Projects and
16 Activities of National Government Agencies, Local Government Units and Non-
17 Government Organizations for the benefit of the farmers and their respective families.

18
19 **Sec. 19. Inter-Cooperative Arrangements.** - The Federation shall be allowed to enter
20 into inter-cooperative arrangements with and among other non-agriculture cooperative
21 federations and other entities to pursue value and supply chain solutions and other
22 agribusiness development programs, subject to the guidelines to be jointly promulgated
23 by the DA and CDA.

24
25 **Sec. 20. Partnership and Joint Venture with Private Entities.** - Duly registered
26 private entities may enter into a partnership or joint venture with the Federation in order
27 to provide the latter with investments and technical support, such as, but not limited to
28 technological, logistics, and facilities support, among others. Such partnership or joint
29 venture shall be registered with the necessary regulatory authorities, including the DA
30 and CDA, and shall enjoy the relevant exemptions and privileges under this Act, the
31 Cooperative Code, and other laws, rules and regulations. This notwithstanding, the
32 equity or contribution of such private entity shall not exceed forty percent (40%) of the
33 partnership or joint venture.

34
35 **Sec. 21. Supervision and Control.** - The DA shall exercise supervision and control
36 over the Federation. In like manner, the Federation shall exercise supervision and
37 control over its member-primary agricultural cooperatives through the conduct of regular
38 audit/s in accordance with the standards approved by the DA and the CDA. Sanctions
39 imposed on non-compliant member-primary cooperatives shall be approved by the DA
40 and CDA.

41
42 The DA and CDA shall, in consultation with the Federation, issue guidelines on the
43 supervision and control of agricultural cooperatives.

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

Sec. 23. *Creation of the Cooperative Climate Resilience Fund.* - here 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.

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).

- 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.

1 **Sec. 29. Collaboration with the NFAC, Cooperative Development Councils and**
2 **National Government Agencies.** - The Bureau shall, in collaboration with the National
3 Federation of Agricultural Cooperatives (NFAC), LGUs through the Regional,
4 Provincial, City, and Municipal Cooperative Development Councils and the CDOs,
5 facilitate and promote programs and policies that enables the growth and development
6 of agricultural cooperatives. The DA, CDA, and the relevant LGU or agency in
7 consultation with NFAC shall issue a Joint Memorandum Circular for the implementation
8 of this provision. Agricultural cooperatives shall be entitled to financing support from the
9 relevant government agencies that shall allocate funds for the establishment of projects
10 and programs for the development and promotion of agricultural cooperatives.
11

12 **Sec. 30. Sustainability and Innovation.** - The Bureau shall allocate funding and
13 support for the development and implementation of innovative and sustainable
14 agricultural practices.
15

16 **Sec. 31. Mentorship and Training.** - The Bureau shall implement programs that will
17 focus on the capacity- and capability-building of members of agricultural cooperatives,
18 especially the empowerment of women and young farmers. Among others, these
19 programs may include:

- 20 a. Internship and apprenticeship programs with duly accredited agricultural
21 cooperatives, in partnership with the Committee on Higher Education
22 (CHED);
- 23 b. Certification programs for management and operation of agricultural
24 cooperatives, as well as related technical skills, in partnership with the
25 Technical Education and Skills Development Authority (TESDA);
- 26 c. Scholarships or student loan forgiveness, as may be necessary; and
- 27 d. Incentives for the discovery or development of innovative and sustainable
28 agricultural practices or techniques.

29 **Sec. 32. Assessment and Ratings.** - Upon the effectivity of this Act, the Bureau shall
30 establish an assessment and ratings system for agricultural cooperatives, which shall
31 measure the performance, including the social and community impact, of the latter using
32 both qualitative and quantitative metrics, and which shall be used to classify and
33 determine the best-performing agricultural cooperatives among various categories.
34 Thereafter, the Bureau and the CDA, in close coordination with NFAC shall review the
35 performance of registered agricultural cooperatives every three (3) years and update
36 their ratings accordingly.
37

38 The DA and CDA, in consultation with NFAC shall use the foregoing in the provision of
39 incentives and benefits to agricultural cooperatives under the law.
40

41 **Sec. 33. Annual Trade Fair and Awards.** - The Bureau, in coordination with the CDA
42 and the National Federation of Agricultural Cooperatives (NFAC), shall establish the
43 Annual Agricultural Cooperatives Trade Fair and Awards to showcase exemplary
44 business achievement, latest innovations, and other emerging trends in the sector. The

1 Bureau shall ensure that agricultural cooperatives are able to participate and exhibit
2 their products during said Fair and shall encourage the latter's participation in other
3 trade fairs and expos.

4 5 **CHAPTER III** 6 **AGRICULTURAL COOPERATIVES COUNCIL** 7

8 **Sec. 34. *Creation of the Agricultural Cooperatives Council.*** - There is hereby
9 created the Agricultural Cooperatives Council (hereafter, the "Council"), which shall be
10 the primary policy and planning body for the promotion, development, and
11 modernization of agricultural cooperatives and organizations.

12
13 **Sec. 35. *Composition of the Council.*** - The Council shall be composed of the following
14 members, or their duly authorized representatives:

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

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

- 37 a. Formulate and issue policies for the growth and development of the
38 agricultural cooperative sector, which shall encompass adoption of innovative
39 and ecological agricultural practices, access to resources and benefits,
40 market opportunities, and capacity-building, among others;
- 41 b. Formulate the Food Security Master Plan, in coordination with the Bureau;
- 42 c. Provide an integrated framework in order to optimize all government
43 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.

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

4
5 **Sec. 47. Effectivity Clause.** - This Act shall take effect fifteen (15) days after its
6 publication in the Official Gazette or in two (2) newspapers of general circulation.

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8 *Approved,*