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SENATE  
Senate Bill No. 2837

RECEIVED BY: 

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INTRODUCED BY SEN. JUAN MIGUEL F. ZUBIRI

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### EXPLANATORY NOTE

Cooperatives have long been acknowledged and regarded as one of the fundamental sources of economic strength in our country. In particular, they play a crucial role in agrarian reform and rural development. The Land Bank of the Philippines (LBP), which was primarily created to assist farmers and fisherfolks, recognizes this crucial role played by the cooperatives and treats the latter as its partner in the implementation of its programs in agrarian reform and rural development. In fact, cooperatives have served as perfect instruments for the LBP to extend assistance to farmers and fisherfolks and have been provided a substantial loan portfolio by the LBP.

Despite the increasing importance and role of the cooperatives in agrarian reform and rural development, however, they are without a voice in the highest policy-making body of the LBP. The law creating the LBP, Republic Act No. 3844 otherwise known as the Code of Agrarian Reform in the Philippines as amended by Republic Act No. 7907, does not ensure the representation of cooperatives in the Board of Directors of LBP.

This bill seeks to remedy this situation by providing for the representation of the cooperative sector in the Board of Directors of LBP by amending its composition from nine (9) to eleven (11) members and particularly providing that:


1. Of the two (2) representatives from the Agrarian Reform Beneficiaries, one (1) shall come from an organized agrarian reform beneficiaries farmers cooperative; and
2. Of the two (2) remaining seats, one (1) representative shall be appointed by the President from the nominees of the national cooperative federations and/or unions duly registered with the Cooperative Development Authority.

Hence, this Representation humbly asks the approval of this bill.

  
JUAN MIGUEL F. ZUBIRI

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S. No. 2837

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Introduced by Senator JUAN MIGUEL F. ZUBIRI

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AN ACT  
MANDATING THE REPRESENTATION OF COOPERATIVES IN THE BOARD OF  
DIRECTORS OF THE LAND BANK OF THE PHILIPPINES, AMENDING THEREFORE  
REPUBLIC ACT NUMBERED 3844, AS AMENDED

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

1           **SECTION 1.** Section 86 Republic Act No. 3844, otherwise known as the "Code of  
2 Agrarian Reform in the Philippines", as amended by R.A. No. 7907 is further amended  
3 to read as follows:  
4

5           "SEC. 86. The Board of Directors; Membership; Per Diem. – The affairs  
6 and business of the Bank shall be directed and its property managed and preserved by  
7 a Board of Directors consisting of [nine(9)] **ELEVEN (11)** members to be composed of  
8 the Secretary of Finance, as [Chairman] **CHAIRPERSON**, the President of the Bank as  
9 [Vice-Chairman] **VICE-CHAIRPERSON**, the Secretary of Agrarian Reform, the  
10 Secretary of Labor, and the Secretary of Agriculture as ex-officio members. The  
11 President of the Philippines shall appoint two (2) members of the Board who shall  
12 represent the agrarian reform beneficiaries: **PROVIDED, THAT AT LEAST ONE (1) OF**  
13 **THE SAID REPRESENTATIVES SHALL COME FROM AN ORGANIZED AGRARIAN**  
14 **REFORM BENEFICIARIES FARMERS COOPERATIVE, IF ANY, [and] two (2)**  
15 **members who shall represent the private sector[.], [The two (2) remaining members,]**  
16 **ONE (1) MEMBER WHO SHALL REPRESENT THE COOPERATIVE SECTOR:**  
17 **PROVIDED, THAT THE REPRESENTATIVE SHALL COME FROM THE NOMINEES**  
18 **OF THE NATIONAL COOPERATIVE FEDERATIONS AND/OR UNIONS DULY**  
19 **REGISTERED WITH THE COOPERATIVES DEVELOPMENT AUTHORITY, AND**  
20 **ONE (1) MEMBER WHO SHALL REPRESENT [shall be elected from] the**  
21 **[shareholders] STAKEHOLDERS** coming from the public sector to the extent that they  
22 may be entitled to two (2) seats in proportion to the outstanding capital stock] **FROM**  
23 **THE RURAL FINANCIAL SECTOR.**

1 X X X

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3 X X X

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5 X X X

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7 " No person shall be elected or appointed director of the Bank unless [he] **THAT**  
8 **PERSON** is a natural born citizen of the Philippines, not less than thirty-five (35) years  
9 of age, of good moral character, and has attained proficiency, expertise and recognize  
10 competence in one or more of the following: banking, finance, economics, agriculture,  
11 agrarian reform, **COOPERATIVES AND** business management: *Provided further*, That  
12 no director, shareholder or employee of any bank shall be eligible for election or  
13 appointment as member of the Board of Directors of the Bank.

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15 X X X

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17 **SEC. 2.** All members of the Board of Directors at the time of the approval and  
18 effectivity of this Act shall continue in office until the end of their term of office as defined  
19 in Section 86 of R.A. 3844 as amended. At the end of their term, the President shall  
20 appoint the members of the Board in accordance with this  
21 Act.

22

23 **SEC. 3. Repealing Clause.** – All laws, presidential decrees, executive orders in  
24 whole or in part, including the rules and regulations promulgated thereunder  
25 inconsistent with the provisions of this Act, are hereby amended, repealed or modified  
26 accordingly.

27

28 **SEC. 4. Effectivity** – This Act shall take effect fifteen (15) days following its  
29 publication in the Official Gazette or in at least two (2) newspapers of general  
30 circulation.

31

32 Approved,