

EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

SENATE
S.B. No. 2145



INTRODUCED BY SENATOR RISA HONTIVEROS

**AN ACT
ESTABLISHING LOCAL COOPERATIVES DEVELOPMENT FUND,
APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Cooperatives are constitutionally recognized instruments for the promotion and fulfillment of just and equitable social and economic development.

The State mandates that government and all its branches, subdivisions, instrumentalities, and agencies shall ensure technical and financial assistance and services to enable cooperatives to become viable and responsive socio-economic enterprises and to strengthen the cooperatives movement.

Recently, Congress enacted Republic Act No. 11364 or the Cooperative Development Authority Charter of 2019 and Republic Act No. 11535 or the Local Cooperatives Development Officer Act as an expression of the State's fulfillment of its obligation to respect, promote, and protect the "rights of the cooperatives" and its organization and expansion per the universally accepted principles, values and practices of the cooperatives' movement.

Likewise, under existing law, local governments are mandated to deliver basic services to the public, including support for the development of cooperatives in their respective jurisdiction. Local cooperatives played an important role in local governance as an organizational vehicle for the families and communities, especially the marginalized sector, as a partner for social service delivery, and as a potential agent for sustainable local economic development.

Cognizant of the expected additional fiscal space and the full devolution of certain

national government function to the local brought by the Supreme Court's ruling on the Mandanas-Garcia case, this bill seeks to mandate the establishment of a Local Cooperative Development Fund (LCDF) and to authorize local government units—i.e., provincial, city and municipal—to appropriate at least 2% of their Internal Revenue Allocations (IRA) or 2% of their funds for local development projects to cooperatives development in their jurisdictions.

The LCDF Intends to fund programs, projects, and activities of the local governments directed towards cooperatives development through (a.) participatory local cooperative development planning, (b.) provision of technical and financial assistance and services to local cooperatives, (c.) promotion, organization, and mobilization of cooperatives for local social and economic development, (d.) capacity development and capacity building interventions for local cooperatives' leaders, members and partners, and (e.) support to the local cooperative development councils and local cooperatives' development offices' plans and programs of action.

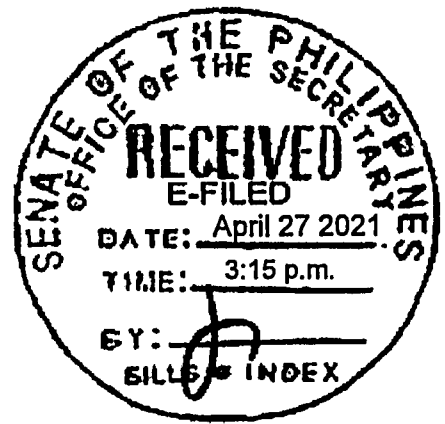
In view of the foregoing, Immediate passage of this bill is earnestly sought.


RISA HONTIVEROS
Senator

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

1 Section 1. *Short Title.* – This Act shall be known as the "Local Cooperatives
2 Development Fund Act."

3 Sec. 2. *Declaration of Policy.* – The State recognized the roles of cooperatives as
4 an instrument for economic development, social justice, and equity.

5 The State guaranteed that the rights of the cooperatives, anchored upon
6 internationally accepted principles and practices, shall be respected, promoted, and
7 fulfilled.

8 The State mandates national government agencies and local government
9 authorities to promote the growth and expansion of cooperatives, provide resources and
10 mechanisms to strengthen the cooperatives movement, enable policies and programs to
11 transform cooperatives as a viable, responsive, and resilient economic enterprise, and
12 facilitate partnerships with other national and local stakeholders.

13 The State, except as provided in this Act, shall maintain the principles of
14 noninterference in the development and management of cooperatives and guarantee that
15 the cooperatives shall be free from conditions that infringe upon its objectives and
16 characteristics.

17 Sec. 3. *Creation of Local Cooperatives Development Fund.* – The Local
18 Cooperatives Development Fund, herein referred to as LCDF, is hereby created to be
19 managed and administered by the provincial, city, and municipal local government units,
20 to support local cooperatives development in their jurisdictions.

21 Sec. 4. *Funding Source.* – Provincial, city, and municipal local government units
22 are hereby mandated to appropriate at least two percent (2%) of their Internal Revenue
23 Allocations (IRA) for programs, projects, and activities for local cooperatives

1 development. Provided that provincial, city, and municipal local government units
2 belonging to fourth to sixth income classification, may opt to allocate at least two percent
3 (2%) of their funds for local development projects as their LCDF. Provided further, the
4 local government units belonging to fourth to sixth income classification shall commit to
5 progressively realize this mandate within the next five years upon effectivity of this Act.

6 **Sec. 5. *Use of Funds.*** – The LCDF shall primarily be used to support and fund
7 programs, project, and activities directed towards:

- 8 1. Formulation and implementation of a participatory Local Cooperatives
9 Development Plan and localized special programs deemed as priorities of
10 the local cooperatives.
- 11 2. Provision of technical guidance, financial assistance, and other services to
12 local cooperatives.
- 13 3. Promotion, organization, and mobilization of local cooperatives as a viable
14 and responsive social and economic development enterprise and to
15 strengthen the cooperatives movement.
- 16 4. Provision of capacity development and capacity-building initiatives and
17 activities for local cooperatives.
- 18 5. Support the plans, programs, and activities of the local cooperatives'
19 development councils, the local cooperatives development officers, local
20 federation of cooperatives, and local cooperative union in line with its
21 mandates under existing laws.

22 **Sec. 6. *Implementing Rules and Regulations.*** – The Cooperatives Development
23 Authority and the Department of Interior Local Government shall, in consultation with the
24 cooperative sector and concerned leagues of local governments, formulate, and
25 disseminate the IRR within ninety (90) days since the effectivity of this Act.

26 **Sec. 7. *Congressional Oversight.*** – Upon the effectivity of this Act, the Joint
27 Congressional Committee on Cooperatives (JCOCC), created under Republic Act No. 9520,
28 shall review, and monitor the implementation of this Act.

29 **Section 8. *Repealing Clause*** – All laws, decrees, executive orders, rules and
30 regulations, issuances, or parts thereof inconsistent with this Act are hereby repealed or
31 amended accordingly.

32 **Sec. 9. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication
33 in the Official Gazette or a newspaper of general circulation.

Approved,