

**NINETEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES**
First Regular Session



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SENATE

S.B. No. 373

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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 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 internationally 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 local brought by the Supreme Court's ruling on 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 1% 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.

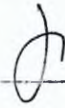
In view of the foregoing, immediate passage of this bill is earnestly sought.


RISA HONTIVEROS
Senator

SENATE

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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 internationally
6 accepted principles and practices, shall be respected, promoted, and fulfilled.

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

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

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

20 Sec. 4. *Funding Source.* – Provincial, city, and municipal local government units
21 are hereby mandated to appropriate at least one percent (1%) of their Internal Revenue
22 Allocations (IRA) for programs, projects, and activities for local cooperatives
23 development. Provided that provincial, city, and municipal local government units

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

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

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

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

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

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

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

Approved,