

FIFTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

10 JUL 13 2 1987

SENATE
S.B. No. 1415

Introduced by Senator Loren Legarda

EXPLANATORY NOTE

A cooperative is defined as "a duly registered association of persons, with a common bond of interest, who have voluntarily joined together to achieve a lawful common social or economic end, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles." Time has proven the valuable contribution of cooperatives in agrarian reforms. Having direct interaction with peasants and landowners, they have been instrumental in heralding different agrarian reform programs to further the agrarian development in the country.

As part of the Agricultural Land Reform Code, or Republic Act No. 3844, otherwise known as the "Code of Agrarian Reform in the Philippines" as amended by RA No. 7907, the Land Bank of the Philippines was created to help with land reform, especially the purchase of agricultural estates for division and resale to small landholders and the purchase of land by the agricultural lessee.

A Board of Directors, chaired by the incumbent Department of Finance Secretary, has been mandated to carry out the affairs and business of the bank. The composition of the board manifests that the bill has overlooked the importance of cooperatives in agrarian reform. There is no proper representation of these cooperatives, depriving them the chance to ensure that their voice is heard, in the Board of Directors governing the LBP. It is unfortunate that LBP, being the official financial intermediary for the Comprehensive Agrarian Reform Program in 1988, has untapped the rich experience of cooperative movement because of the absence of specific provisions in the bill.

In recognition of the abovementioned issues, this bill seeks to further amend RA No. 3844, as amended by RA No. 7907, through the inclusion of a proviso authorizing the proper representation of cooperatives in the LBP Board. Such provision shall be helpful in the issuance of comprehensive decisions and courses of actions by the LBP.

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


LOREN LEGARDA
Senator


FIFTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

OFFICE OF THE CLERK

10 JUL 13 24:07

SENATE
S.B. No. 1415

RECEIVED BY



Introduced by Senator Loren Legarda

AN ACT
MANDATING THE REPRESENTATION OF COOPERATIVES IN THE BOARD
OF DIRECTORS OF THE LAND BANK OF THE PHILIPPINES, AMENDING
FOR THIS PURPOSE REPUBLIC ACT NUMBER 3844, AS AMENDED

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

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

4
5 “Sec. 86. The Board of Directors; Membership; Per Diem - The
6 affairs of and business of the Bank shall be directed and its property
7 managed and preserved by a Board of Directors consisting of [nine 9]
8 **TEN (10)** members to be composed of the Secretary of Finance, as
9 [Chairman] **CHAIRPERSON**, the Secretary of Agrarian Reform, the
10 Secretary of Labor, and the Secretary of Agriculture as *ex-officio*
11 members. **THE PRESIDENT OF THE PHILIPPINES SHALL**
12 **APPOINT TWO (2) MEMBERS REPRESENTING THE AGRARIAN**
13 **REFORM BENEFICIARIES, PROVIDED THAT AT LEAST ONE (1)**
14 **OF THE SAID REPRESENTATIVES SHALL COME FROM AN**
15 **ORGANIZED AGRARIAN REFORM BENEFICIARIES FARMERS**
16 **COOPERATIVE, IF ANY; TWO (2) MEMBERS REPRESENTING**
17 **THE PRIVATE SECTOR AND ONE (1) MEMBER REPRESENTING**
18 **THE COOPERATIVE SECTOR; PROVIDED, FURTHER, THAT**
19 **THE REPRESENTATIVE OF THE COOPERATIVE SECTOR SHALL**
20 **BE APPOINTED BY THE PRESIDENT OF THE PHILIPPINES**
21 **FROM THE NOMINEES OF THE NATIONAL COOPERATIVE**

1 **FEDERATIONS AND/OR UNIONS DULY RECOGNIZED BY THE**
2 **COOPERATIVE DEVELOPMENT AUTHORITY.** [The President of
3 the Philippines shall appoint two (2) members who shall represent the
4 agrarian reform beneficiaries and two (2) members who shall represent
5 the agrarian reform beneficiaries and two (2) members who shall
6 represent the private sector. The two (2) remaining members shall be
7 elected from the shareholders coming from the public sector to the
8 extent that they may be entitled to two (2) seats in proportion to the
9 outstanding capital stock.] "

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

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

25
26 **SECTION 3. *Repealing Clause.*** - All laws, presidential decrees, executive
27 orders in whole or in part, including the rules and regulations promulgated there
28 under inconsistent with the provisions of this Act, are hereby amended, repealed or
29 modified accordingly.

30
31 **SECTION 4. *Effectivity.*** - This Act shall take effect fifteen (15) days following
32 its publication in at least two (2) newspapers of general circulation.

33
34 Approved,