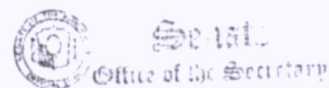


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE
S. B. No. 844

'19 JUL 31 P 4:08

Introduced by Senator SONNY ANGARA

RECEIVED

AN ACT
TO ENHANCE INTER-LGU COOPERATION BY AMENDING CERTAIN
PROVISIONS IN BOOK I OF REPUBLIC ACT NO. 7160, OTHERWISE
KNOWN AS THE "LOCAL GOVERNMENT CODE OF 1991"

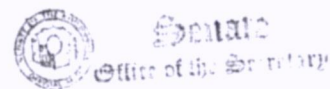
EXPLANATORY NOTE

A key feature of the Local Government Code (Republic Act No. 7160) is the recognition that local issues and development often do not respect geographic and administrative boundaries. Environmental concerns cut across municipalities and sometimes even provinces and regions.

For instance, road infrastructure investments made in one province can improve the access of agricultural goods in an adjoining province by connecting both of them to a national artery. As a result, the benefit of thinking "outside the boundaries" for their mutual benefit has become apparent to many LGUs. Fortunately, the Local Government Code has foreseen this and encourages inter-LGU cooperation ventures.

However, what the Code has not foreseen was that a new vehicle is needed whenever memoranda of agreement are insufficient to maximize the potential of inter-LGU cooperation. Although LGUs can share their resources for a venture, because existing law does not allow them to formalize a legal personality for the venture, they cannot collectively contract credit financing for the venture.

It is in this regard that an amendment of the Code is necessary for the creation of a mechanism by which LGUs that wish to organize themselves into a legal entity can access credit financing or other debt instruments, making their alliance more efficient and effective.



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AN ACT
TO ENHANCE INTER-LGU COOPERATION BY AMENDING CERTAIN
PROVISIONS IN BOOK I OF REPUBLIC ACT NO. 7160, OTHERWISE
KNOWN AS THE "LOCAL GOVERNMENT CODE OF 1991"

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

1 Section 1. Section 3 of Republic Act No. 7160, otherwise known as the Local
2 Government Code of 1991, hereinafter referred to as the "Code", is hereby amended
3 to read as follows:

4 "Sec. 3. *Operative Principles of Decentralization.* – The formulation and
5 implementation of policies and measures on local autonomy shall be
6 guided by the following operative principles:

7 (a) x x x

8 x x x

9 (f) Local government units may group themselves, consolidate or
10 coordinate their efforts, services, and resources for purposes
11 commonly beneficial to them **THROUGH MUTUAL AGREEMENT OR**
12 **THROUGH THE FORMATION OF AN ALLIANCE WITH A LEGAL**
13 **PERSONALITY;**

14 (g) x x x

15 XXX."

1 Sec. 2. Section 33 of the Code is hereby amended to read as follows:

2 "Sec. 33. *Cooperative Undertakings Among Local Government Units*
3 **THROUGH MUTUAL AGREEMENT.** – Local government units may,
4 through appropriate ordinances, group themselves, consolidate, or
5 coordinate their efforts, services, and resources for purposes
6 commonly beneficial to them **THROUGH MUTUAL AGREEMENT.** In
7 support of such undertaking, the local government units involved may
8 upon approval by the sanggunian concerned after a public hearing
9 conducted for the purpose, contribute funds, real estate, equipment,
10 and other kinds of property and appoint or assign personnel under
11 such items and conditions as may be agreed upon by the participating
12 local government units through Memoranda of Agreement."

13 Sec. 3. A new Section 33-A in Book I of the Code is hereby inserted as
14 follows:

15 "SEC. 33-A. **COOPERATIVE UNDERTAKINGS AMONG LOCAL**
16 **GOVERNMENT UNIT THROUGH THE FORMATION OF AN**
17 **ALLIANCE WITH LEGAL PERSONALITY.** – LOCAL GOVERNMENT
18 UNITS MAY GROUP THEMSELVES, CONSOLIDATE, OR
19 COORDINATE THEIR EFFORTS, SERVICES, AND RESOURCES
20 FOR PURPOSES COMMONLY BENEFICIAL TO THEM THROUGH
21 THE FORMATION OF AN ALLIANCE WITH A LEGAL
22 PERSONALITY. FOR THIS PURPOSE, A NATIONAL REGISTRY
23 OF ALLIANCES (NRA) SHALL BE FORMED TO REGISTER THE
24 ALLIANCE OF LGUS AND ESTABLISH THE LEGAL PERSONALITY
25 AND ALL THE CONSEQUENT IMPLICATIONS OF THE SAME.
26 THE NRA SHALL BE COMPOSED OF THE SECRETARY OF THE
27 DEPARTMENT OF INTERIOR AND LOCAL GOVERNMENT AS
28 CHAIR WITH THE PRESIDENTS OR CHAIRMEN OF THE
29 LEAGUES OF PROVINCES, CITIES, AND MUNICIPALITIES AND
30 THE LIGA NG MGA BARANGAYS AS BOARD MEMBERS. THE
31 NRA BOARD SHALL FORMULATE THE REQUIREMENTS,
32 GUIDELINES, AND PROCEDURES FOR THE APPLICATION,

1 **CREATION, REGISTRY, REGULATION AND MONITORING OF**
2 **INTER-LGU ALLIANCES COVERED BY THE NRA. THE REGISTRY**
3 **AND SECRETARIAT SHALL BE HOUSED AT THE DEPARTMENT**
4 **OF THE INTERIOR AND LOCAL GOVERNMENT.”**

5 Sec. 4. *Repealing Clause.* – All general and special laws, acts, city charters,
6 executive orders, presidential proclamations, issuances, rules and regulations, or
7 parts thereof which are contrary to or inconsistent with any of the provisions of this
8 Act are hereby repealed, amended, or modified accordingly.

9 Sec. 5. *Separability Clause.* – If any portion or provision of this Act is
10 subsequently declared invalid or unconstitutional, other provisions hereof which are
11 not affected thereby shall remain in full force and effect.

12 Sec. 6. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its
13 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,