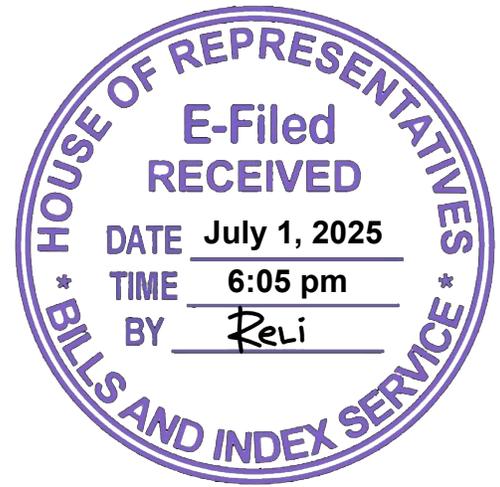


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH (20th) CONGRESS
FIRST REGULAR SESSION

House Bill No. 1023



Introduced by
Rep. **ROBERT NAZAL**

AN ACT
TO PROMOTE THE DEVELOPMENT OF AGRICULTURE COOPERATIVES IN THE
PHILIPPINES, PROVIDING SUPPORT TO FARMERS AND THEIR
ASSOCIATIONS, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Agriculture remains a foundational pillar of the Philippine economy, with over twenty percent (20%) of the population engaged in farming and related activities. However, smallholder farmers who cultivate three hectares or less continue to face challenges such as fragmented production, lack of access to affordable credit, low farm-gate prices, weak bargaining power, and limited integration into higher-value markets.

This Act aims to transform the structure and outcomes of Philippine agriculture by strengthening and scaling up the role of agriculture cooperatives (agri-coops). This bill recognizes that while cooperatives have long been part of rural development strategies, their full potential remains untapped due to weak governance, inadequate capital, and fragmented policy support.

This bill addresses these gaps by institutionalizing a comprehensive support ecosystem for agri-coops through:

- A. Barangay-level associations encouraged to register as agri-coops under MC 2015-05; one-stop “Agri-Coop Desks” in every municipality;
- B. Mandatory hiring of a certified Professional Manager and Administrative Officer;
- C. Preference to agri-coops in public procurement for school-feeding, relief, and nutrition programs, consistent with RA 9184;

- D. Government banks and the Agricultural Credit Policy Council to earmark ten percent (10%) of agri-loan portfolios for agri-coops; eligibility for crop-insurance guarantees;
- E. VAT-exempt sales of raw farm produce; fifty percent (50%) documentary-stamp-tax cut on loans less than Ten Million (₱10 million); priority to mechanization grants;
- F. VAT-exempt sales of raw farm produce;
- G. Fifty percent (50%) documentary stamp tax cut on loans less than Ten Million Pesos (PhP 10,000,000.00);
- H. Ladderized curriculum on governance, value-chain development, climate-smart practices, and digital agriculture, led by DA–TESDA;
- I. National Agri-Coop Marketplace Portal for real-time supply matching with institutional and export buyers;
- J. Creation of a PhP 5-billion Agri-Coop Development Fund for start-up grants, equity, and shared facilities; and
- K. Inter-Agency Committee on Agri-Coop Development to craft a 5-year roadmap and furnish annual progress reports to Congress.

The passage of this Act is vital to ensuring a more modern and resilient agricultural economy. It affirms the State's commitment to economic justice for Filipino farmers and constitutes a strategic investment in food security, rural employment, and sustainable national development.

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


Rep. ROBERT NAZAL
Bagong Henerasyon Party-List

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

SECTION 1. SHORT TITLE.

This Act shall be known as the “Agriculture Cooperatives Development Act.”

SECTION 2. DECLARATION OF POLICY.

It is hereby declared the policy of the State to foster a self-reliant and efficient agriculture sector by strengthening the collective capacities of Filipino farmers through the promotion and development of agriculture cooperatives (agri-coops). The State recognizes agri-coops as vital instruments in reducing rural poverty, enhancing farm productivity, and achieving inclusive and sustainable agriculture and rural development.

SECTION 3. STATEMENT OF OBJECTIVES.

This Act shall pursue the following objectives:

- A. Encourage and facilitate the organization, registration, and professional management of agri-coops in every barangay;

- B. Enhance farmers' bargaining power and market access through collective marketing, bulk purchasing, and value-adding activities;
- C. Expand farmers' access to affordable credit, crop insurance, appropriate technology, and climate-resilient farming practices;
- D. Strengthen linkages between agri-coops and government agencies, local government units (LGUs), private agribusinesses, and financial institutions; and
- E. Institutionalize an enabling policy environment that provides fiscal incentives, capacity-building, and continuous technical assistance to agri-coops.

SECTION 4. DEFINITION OF TERMS.

As used in this Act:

- A. Agriculture Cooperative or Agri-Coop - refers to a primary or secondary cooperative organized by farmers, farmworkers, fisherfolk, or their duly recognized associations, and registered under Republic Act No. 9520 and its implementing rules, whose principal purpose is the production, marketing, or processing of agricultural and aquaculture products and services
- B. Farmer - refers to any natural person primarily engaged in the cultivation of land or the growing of crops, raising of livestock, poultry, or aquaculture, either as owner, tenant, lessee, or laborer
- C. Smallholder farmer - refers to a farmer cultivating not more than three (3) hectares of agricultural land or producing on an equivalent scale in fisheries and livestock.
- D. Professional Manager – refers to an individual with proven managerial competence and at least three (3) years' experience in cooperative or agribusiness management, duly appointed by the board of directors of an agri-coop
- E. Administrative Officer – refers to an individual responsible for day-to-day administrative, financial, and records management functions of an agri-coop.

SECTION 5. REGISTRATION AND FORMATION OF AGRICULTURAL COOPERATIVES.

- A. All existing farmers' associations, irrigators' associations, and other agricultural groups operating at the barangay level are encouraged to register as agri-coops pursuant to Memorandum Circular (MC) No. 2015-05 of the Cooperative Development Authority (CDA) and related guidelines.

- B. The Department of Agriculture (DA) and the CDA shall establish a Barangay Agri-Coop Desk in every Municipal Agriculture Office to conduct year-round information campaigns, pre-membership education seminars, and on-site registration caravans.

SECTION 6. PROFESSIONAL MANAGEMENT AND ADMINISTRATION.

- A. Every agri-coop shall engage a Professional Manager and an Administrative Officer who shall be selected and appointed by its board of directors in accordance with its bylaws.
- B. The CDA, in coordination with the DA-Agribusiness and Marketing Assistance Service (AMAS), shall maintain a national registry of accredited agri-coop managers and officers and shall administer a ladderized competency-based certification program that shall be reviewed and updated every three (3) years.

SECTION 7. PRIORITY IN GOVERNMENT PROCUREMENT.

All national government agencies, GOCCs, LGUs, and state universities and colleges implementing school-based feeding, welfare, disaster relief, or related programs shall give preference, whenever feasible, to duly registered agri-coops in the procurement of rice, corn, vegetables, fruits, aquaculture, and livestock products, consistent with Republic Act No. 9184 and its IRR.

SECTION 8. ACCESS TO CREDIT AND FINANCIAL ASSISTANCE.

- A. The Land Bank of the Philippines, Development Bank of the Philippines, and the Agricultural Credit Policy Council (ACPC) shall earmark at least ten percent (10%) of their annual agriculture-related loan portfolio for direct or wholesale lending to agri-coops at concessional rates.
- B. Agri-coops shall be eligible beneficiaries of the existing credit guarantee and crop insurance programs of the Philippine Crop Insurance Corporation.

SECTION 9. FISCAL INCENTIVES.

Consistent with Section 60 of Republic Act No. 9520, agri-coops shall enjoy the following additional incentives for a period of ten (10) years from registration or from the effectivity of this Act, whichever is later:

- A. Exemption from value-added tax (VAT) on the sale of raw agricultural products to institutional buyers;

- B. Reduced documentary stamp tax of Fifty percent (50%) on loan agreements not exceeding Ten Million Pesos (PhP 10,000,000.00); and
- C. Priority access to farm mechanization grants and post-harvest facilities under the Rice Competitiveness Enhancement Fund and similar programs.

SECTION 10. CAPACITY-BUILDING AND TECHNOLOGY SUPPORT.

The DA, in partnership with the Technical Education and Skills Development Authority (TESDA), state universities and colleges, and private agritech providers, shall develop a dedicated Agri-Coop Capacity-Building Curriculum and corresponding certification modules covering governance, financial literacy, value-chain development, climate-smart agriculture, and digital platforms for farm management and e-commerce.

SECTION 11. MARKET LINKAGE AND VALUE CHAIN INTEGRATION.

The DA-Agribusiness and Marketing Assistance Service (AMAS) shall establish an Agri-Coop Marketplace Portal consolidating supply information from registered agri-coops and facilitating real-time matching with institutional buyers, exporters, and processors.

SECTION 12. AGRI-COOP DEVELOPMENT FUND.

There is hereby created an Agri-Coop Development Fund (ACDF) to be managed by the CDA, seeded with an initial appropriation of Five Billion Pesos (PhP 5,000,000,000.00), to finance start-up grants, equity investments, shared service facilities, and capacity-building projects for agri-coops.

SECTION 13. LEAD AGENCY.

The CDA shall be the lead agency for the implementation of this Act in coordination with the DA, Department of Trade and Industry, Department of Agrarian Reform, Department of Science and Technology, LGUs, and other agencies. The CDA shall coordinate all national activities under this Act, including oversight of the Agri-Coop Development Fund and implementation of the five-year roadmap.

SECTION 14. INTER-AGENCY COMMITTEE.

An Inter-Agency Committee on Agri-Coop Development (IAC-ACD) is hereby constituted, chaired by the CDA and co-chaired by the DA, to formulate a five-year National Agri-Coop Development Roadmap and oversee its implementation.

SECTION 15. MONITORING AND EVALUATION.

The IAC-ACD shall submit to Congress an annual report on the status of agri-coops nationwide, utilization of the ACDF, and outcome indicators such as farmer income, cooperative survival rate, and market share.

SECTION 16. APPROPRIATIONS.

The funds necessary to carry out the initial implementation of this Act shall be charged against the current year's appropriations of the CDA, DA, and other concerned agencies. Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

SECTION 17. IMPLEMENTING RULES AND REGULATIONS.

The CDA and the DA, in consultation with concerned agencies, agri-coop federations, and civil-society organizations, shall promulgate the rules and regulations for the effective implementation of this Act within sixty (60) days from its effectivity.

SECTION 18. SEPARABILITY CLAUSE.

If any provision of this Act is declared unconstitutional or invalid, the remainder hereof shall not be affected and shall remain in full force and effect.

SECTION 19. REPEALING CLAUSE.

All laws, presidential decrees, executive orders, rules, and regulations, or parts thereof, inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 20. EFFECTIVITY.

This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,