



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

TWENTIETH CONGRESS
First Regular Session

House Bill No. 2412



Introduced by Representative FELIMON M. ESPARES

AN ACT
ESTABLISHING LOCAL COOPERATIVES DEVELOPMENT FUND FOR EACH LOCAL GOVERNMENT UNIT (LGU) AND APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The bill seeks to require each local government unit (LGU) to appropriate and allot at least 1% of their Internal Revenue Appropriations (IRA) or two percent (2%) of their funds for local development projects, specifically for cooperative development in their respective jurisdictions.

This measure responds to the constitutional mandate to promote the viability and growth of cooperatives as instruments of social justice and economic development. Cooperatives play a crucial role in community building, beginning with a strong membership base rooted in their localities. This proximity allows them to effectively identify and address community needs while providing financial empowerment and inclusion, especially to the informal sector. Moreover, a portion of a cooperative's net surplus is mandatorily allocated to a Community Development Fund, which directly benefits the local communities where they operate. As the LGUs stand to benefit from the presence, impact, and success of cooperatives, it is only fitting that they, in turn, commit to strengthening and empowering the same.

In addition, the provision of a mandatory allocation is consistent with Republic Act No. 11535, which makes the position of a Cooperatives Development Officer mandatory in the Municipal, City, and Provincial levels, wherein said LGUs have the option to set the rank, remuneration, and other emoluments of the CDOs subject to existing laws, rules, and regulations. It is worth noting, however, that many LGUs have yet to appoint their respective CDOs, primarily due to funding constraints that this bill seeks to address.

To note, there are still many LGUs that do not have CDOs due to lack of funds and resources.

The proposed allocation will ensure that sufficient resources are made available for the implementation of programs, projects, and activities of LGUs directed toward cooperative development, including: (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, the immediate passage of this me is earnestly sought.

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HON. FELIMON M. ESPARES



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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 "Local Cooperatives Development Fund Act."

Section 2. Declaration of Policy. - The State recognized the roles of cooperatives as an instrument for economic development, social justice, and equity. The State guaranteed that the rights of the cooperatives, anchored upon internationally accepted principles and practices, shall be respected, promoted, and fulfilled. The State mandates national government agencies and local government authorities to promote the growth and expansion of cooperatives, provide resources and mechanisms to strengthen the cooperatives movement, enable policies and programs to transform cooperatives as a viable, responsive, and resilient economic enterprise, and facilitate partnerships with other national and local stakeholders. The State, except as provided in this Act, shall maintain the principles of noninterference in the development and management of cooperatives and guarantee that the cooperatives shall be free from conditions that infringe upon its objectives and characteristics.

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

Section 4. Funding Source. - Provincial, city, and municipal local government units are hereby mandated to appropriate at least one percent (1%) of their Internal Revenue Allocations (IRA) for programs, projects, and activities for local cooperatives development; *Provided*, that provincial, city, and municipal local government units belonging to fourth to sixth income classification, may opt to allocate at least two percent (2%) of their local development projects as their LCDF; *Provided, further*, the local government units belonging

1 to fourth to sixth income classification shall commit to progressive realize this mandate
2 within the next five years upon effectivity of this Act.

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4 **Section 5. Use of Funds.** - The LCDF shall primarily be used to support and fund
5 programs, project, and activities directed towards the following:

- 6
7 (1) Formulation and implementation of a participatory Local Cooperatives
8 Development Plan and localized special programs deemed as priorities of the local
9 cooperatives.
10 (2) Provision of technical guidance, financial assistance, and other services to local
11 cooperatives.
12 (3) Promotion, organization, and mobilization of local cooperatives as a viable and
13 responsive community-based social and economic development enterprise.
14 (4) Provision of capacity development and capacity-building initiatives and activities
15 for local cooperatives.
16 (5) Support the plans, programs, and activities for the local cooperatives'
17 development councils and local cooperatives development officers in line with its
18 mandates under existing laws.

19
20 **Section 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 disseminate
23 the IRR within ninety (90) days since the effectivity of this Act.

24
25 **Section 7. Congressional Oversight** - Upon the effectivity of this Act, the Joint
26 Congressional Committee on Cooperatives (JCOCC), created under Republic Act No.
27 9520, shall review and monitor the implementation of this Act.

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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.

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

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36 *Approved,*