

'22 DEC -5 P1:59

SENATE
S. B. No. 1589

RECEIVED BY: 

Introduced by Senator Francis "Tol" N. Tolentino

**AN ACT
INSTITUTING AGRICULTURAL COOPERATIVISM IN THE PHILIPPINES,
AMENDING FOR THE PURPOSE CERTAIN SECTIONS OF R.A. NO. 11364, R.A.
NO. 9520, AND R.A. NO. 7160, AND APPROPRIATING FUNDS THEREFOR**

EXPLANATORY NOTE

All over the world, agricultural cooperatives help build sustainable communities in rural areas by allowing growers to enter bigger markets and sell their goods and supplies at lower prices. Members of agricultural cooperatives are also more economically protected compared to individual farmers.¹

There are over 1.2 agricultural cooperatives worldwide, generating about \$6.5 Billion in net income each year and employing more than 250,000 people.² In the Philippines, there are only 1,392 agricultural cooperatives out of the total of 18,847 operating cooperatives in the country.³

While the existing legislation on cooperatives has already broadened the scope of the Rural Credit Law, which aimed to protect and develop the country's interest in agriculture, there is a need to institutionalize general agricultural cooperativism to further develop and protect the agricultural sector.

This bill seeks to provide more protection and benefits to strengthen agricultural cooperatives and simplify the process of registration. It aims to create an atmosphere

¹ <https://eos.com/blog/agricultural-cooperatives/>

² <https://ncbaclusa.coop/resources/co-op-sectors/agriculture-co-ops/>

³ Includes cooperatives under agrarian reform, agriculture, dairy, and fishermen.

where the agricultural sector will have the support it needs to be competitive in the open market through the following:

1. ***Creating a Policy Board for Agricultural Cooperatives:*** The Policy Board shall be a think-tank operating solely for the agricultural cooperatives. It is created to highlight the importance of agricultural cooperatives and shall:
 - a) craft policies and strategic plans concerning the development of agricultural cooperatives in line with the socio-economic conditions of the Philippines;
 - b) set directions to enhance the capacity of agricultural cooperatives and to enhance the cooperation between and among agricultural cooperatives, private sector, and development partners;
 - c) coordinate with concerned government institutions, private sector, and financial institutions to support the operation of agricultural cooperatives; and
 - d) address issues and challenges hindering the implementation of the national policy, and strategic and action plans for agricultural cooperatives development.

2. ***Creating the Agricultural Cooperatives Board (ACB):*** While the ACB shall be under the CDA and chaired by one of its existing Directors, it aims to serve only the needs of agricultural cooperatives. This shall ensure that the dedicated board can focus on developing the sector and shall:
 - a) support the functioning, operation, and development of agricultural cooperatives;
 - b) design strategic plan and training programs to promote, strengthen and develop agricultural cooperatives;
 - c) manage the database of and provide training services for agricultural cooperatives;
 - d) assess the economic situations of agricultural cooperatives to meet market demands and provide market information to agricultural cooperatives; and
 - e) undertake national and international cooperation on agricultural cooperatives

3. ***Simplifying the registration process for agricultural cooperatives and including LGUs in registration, training, and development to ensure that:***
 - a) unnecessary entry barriers [in the registration process] are removed;
 - b) agricultural cooperatives' needs are addressed at the LGU level; and
 - c) grassroots' concerns are heard and immediately resolved.

4. ***Granting additional benefits to agricultural cooperatives to facilitate market entry.***

To implement the foregoing reforms, it is necessary to amend R.A. No. 11364⁴ to pave the way for the creation of the Policy Board and the ACB, and to institutionalize the reforms contained in this Act. Specifically, under Sec. 20 of R.A. No. 11364, the CDA was mandated to prioritize the promotion and development of cooperatives in the agriculture and fishery sectors to ensure food security and reduce rural poverty. This bill enhances the capability of the CDA to implement this mandate.

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



FRANCIS "TOL" N. TOLENTINO

⁴ Cooperative Development Authority Charter of 2019.

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



22 DEC -5 P1 :59

SENATE
S. B. No. 1589

RECEIVED BY:

Introduced by Senator Francis "Tol" N. Tolentino

AN ACT
INSTITUTING AGRICULTURAL COOPERATIVISM IN THE PHILIPPINES,
AMENDING FOR THE PURPOSE CERTAIN SECTIONS OF R.A. NO. 11364, R.A.
NO. 9520, AND R.A. NO. 7160, AND APPROPRIATING FUNDS THEREFOR

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

CHAPTER I – GENERAL CONCEPTS AND PRINCIPLES

1
2
3 **SECTION 1. *Short Title.*** – This Act shall be known as the "Genuine Agricultural
4 Cooperativism Reform Act of 2019."

5
6 **Sec. 2. *Declaration of Policy.*** – It is the declared policy of the State to foster the
7 creation and growth of agricultural cooperatives as a practical vehicle for promoting self-
8 reliance towards the attainment of economic development and social justice among the
9 agricultural industry. The State shall encourage the organization of agricultural
10 cooperatives and shall create an atmosphere that is conducive to their growth and
11 development.

12
13 Towards this end, the State shall promote participation of every citizen whose primary

1 occupations fall within the framework of agricultural production, agro-industry,
2 agribusiness or services related to agricultural production systems in establishing and
3 developing agricultural cooperatives to augment economic, social, and cultural status of
4 members as well as to contribute to the national economic development.

5
6 **Sec. 3. Definition of Terms.** The following terms shall mean:

7
8 a) *ACB* – refers to the Agricultural Cooperative Board created under Sec. 6 of this Act.
9 It shall be headed by the Director for Agriculture, Agrarian, Aquaculture, Farmers,
10 Dairy and Fisherfolk defined in Paragraph (e), Section 5 of Republic Act No. 11364.

11
12 b) *Agricultural Cooperative* – refers to an agricultural-based economic enterprise
13 which is voluntarily established by persons with their joint investment, joint
14 ownership and joint management in order to improve agricultural production
15 capacity, agro-industry, agri-business, or services related to agricultural
16 production.

17
18 It shall encompass the following types of cooperatives defined under R.A. No. 9520
19 and R.A. No. 11364: Agrarian Reform, Agriculture, Dairy, Fishermen, and
20 Aquaculture. It also includes Multipurpose Cooperatives defined under R.A. No.
21 9520 whose primary business activity is at least 50% related to agricultural
22 production, agro- industry, agri-business, or services related to agricultural
23 production.

24
25 c) *Agricultural Cooperative Officer* – refers to the Provincial Cooperative Officer, the
26 City Cooperative Officer, or the Municipal Cooperative Officer under Section 7 of
27 this Act.

28
29 d) *CDA* – refers to the Cooperative Development Authority created under R.A. No.
30 11364.

31
32 e) *IRR* – refers to any or all implementing rules and regulations and/or guidelines
33 issued in accordance with this Act.

1 f) *Policy Board* – refers to the Policy Board for Agricultural Cooperatives under Section
2 4 of this Act.

3
4 **Sec. 4. *Policy Board for Agricultural Cooperatives.*** – There is hereby created an
5 Agricultural Cooperatives Policy Board to be co-chaired by the Secretary of Agriculture as
6 Chair and the Secretary of Trade and Industry, or their nominees, with the following as
7 members, to wit: a representative from the Department of Interior and Local Government,
8 Department of Finance, the cooperative sector, and civil society.

9
10 **Sec. 5. *Powers and Duties of the Policy Board.*** – The Agricultural Cooperatives Policy
11 Board as a think-tank for Agricultural Cooperatives shall have the following powers and
12 duties:

13
14 a) prepare and evaluate policies, strategic action plans, and work plans concerning
15 the development of Agricultural Cooperatives in line with the socio-economic
16 conditions of the Philippines;

17
18 b) set directions to enhance the capacity of Agricultural Cooperatives and to enhance
19 the cooperation between and among Agricultural Cooperatives, private sector, and
20 development partners;

21
22 c) coordinate with the CDA and other concerned government agencies, private sector,
23 and financial institutions in order to support for the operation of Agricultural
24 Cooperatives;

25
26 e) issue resolutions or circulars to concerned agencies or local government units
27 (LGU) to come out with programs and strategic action plans concerning the
28 development of Agricultural Cooperatives;

29
30 f) address issues and challenges hindering the implementation of the national policy,
31 and strategic action plans for Agricultural Cooperatives' development;

32
33 g) perform other duties to support the policies for the development of Agricultural

1 Cooperatives as provided for under this Act.

2
3 **Sec. 6. The Agricultural Cooperative Board (ACB)** – The Agricultural Cooperatives
4 Board (ACB) is hereby created to promote and support the establishment, operation, and
5 development of Agricultural Cooperatives, and shall:

- 6
- 7 a) act as the Secretariat of the Policy Board;
 - 8
 - 9 b) promote and support the functioning, operation, and development of Agricultural
10 Cooperatives;
 - 11
 - 12 c) study and design policies, legal framework, strategic plans, and training programs
13 to promote, strengthen, and develop Agricultural Cooperatives;
 - 14
 - 15 d) provide training services to Agricultural Cooperatives in coordination with the LGUs;
 - 16
 - 17 e) carry out outreach programs to promote awareness and to provide trainings aimed
18 at building the capacity of Agricultural Cooperatives;
 - 19
 - 20 f) facilitate the linkages between Agricultural Cooperatives with private sector and
21 concerned institutions, both domestic and foreign;
 - 22
 - 23 g) study and assess the economic situations of Agricultural Cooperatives to meet
24 market demands and provide market information to agricultural cooperatives;
 - 25
 - 26 h) undertake national and international cooperation on Agricultural Cooperatives;
 - 27
 - 28 i) take part in resolving all disputes of Agricultural Cooperatives; and
 - 29
 - 30 j) prepare reports on the progress of development of Agricultural Cooperatives and
31 submit them to Congress; and
 - 32
 - 33 k) perform other duties within the framework of agricultural cooperative development

1 in line with this Act.

2
3 The organization of the ACB shall be defined in the IRR.

4
5 **Sec. 7. Responsibilities of Local Government Units.** – The Local Government Units
6 (LGU) shall:

- 7
- 8 a) legislate necessary ordinances for the promotion and development of Agricultural
9 Cooperatives;
 - 10
 - 11 b) disseminate information to people and facilitate the establishment, development,
12 and management and operations of Agricultural Cooperatives in their respective
13 locality;
 - 14
 - 15 c) take part in solving disagreements arising within and among Agricultural
16 Cooperatives;
 - 17
 - 18 d) free and regular seminars, trainings and/or conferences necessary for the
19 organization, registration, management, and operations of agricultural
20 cooperatives; and
 - 21
 - 22 e) monitor and evaluate the implementation of this Act.
- 23

24 The appointment of a local agricultural cooperative officer shall be mandatory for the
25 provincial, city and municipal governments who shall have the power and authority to
26 accept and process applications for registration of agricultural cooperatives within their
27 respective jurisdictions.

28
29 For exemplary reasons, applications from other LGUs may be accepted by any local
30 agricultural cooperative officer, as defined in the IRR.

31
32 **Sec. 8. Preferential Treatments and Privileges of Agricultural Cooperatives.** –
33 Agricultural Cooperatives shall be encouraged by and shall enjoy preferential treatments

1 and privileges from the national government and the LGUs, as defined in the IRR and local
2 ordinances.

3
4 **Sec. 9. *Application of Chapter V of R.A. No. 9520.*** – The provisions of Chapter V of
5 R.A. No. 9520 shall be applicable to Agricultural Cooperatives. Inconsistent principles shall
6 be resolved in favor of the principles and provisions of this Act.

7
8 **CHAPTER II – ORGANIZATION AND REGISTRATION**

9
10 **Sec. 10. *Organization of Agricultural Cooperatives.*** — The organization and
11 registration of Agricultural Cooperatives shall adhere to the following:

12
13 a) A group of fifteen (15) or more natural persons who are Filipino citizens, of legal
14 age, and whose primary activity or business falls within agricultural production
15 system, agro-industry, agri-business or services related to agricultural production
16 sector and are actually residing or working in the intended area of operation, may
17 establish an Agricultural Cooperative.

18
19 b) In addition to the existing organization and registration procedures of the CDA, an
20 Agricultural Cooperative may also process their registration through the local
21 agricultural cooperative officer. Denied applications shall be automatically reviewed
22 by the ACB. All approved registrations by the local agricultural cooperative officer
23 and those approved in review by the ACB shall be forwarded to the CDA for the
24 issuance of Certificate of Registration. Non-issuance of the Certificate of
25 Registration shall not affect the validity of any registration.

26
27 c) All forms and necessary documentary requirements shall be made available to any
28 applicant free of charge.

29
30 d) The ACB shall issue the necessary guidelines for the simplified organization and
31 registration process for Agricultural Cooperatives. The uniform registration
32 proceedings shall not extend beyond a period of 30 calendar days. Reviews by the
33 ACB shall be resolved within the same period.

1 e) for purposes of this Act, the local agricultural cooperative officer, in addition to the
2 mayor, vice-mayor, and all members of the *Sanggunian*, shall be granted authority
3 to administer oath, and such act shall be given free of charge.

4 f) An application for registration shall only be denied on the ground that the applicant
5 is not an Agricultural Cooperative.
6

7 **Sec. 11. *Application of Chapter II, III, & IV of R.A. No. 9520.*** – The provisions of
8 Chapters II, III, & IV of R.A. No. 9520 shall apply to Agricultural Cooperatives in so far as
9 not inconsistent with the principles and provisions of this Act and its IRR.
10

11 **Sec. 12. *Fees and Charges***– Notwithstanding the provision of Sec. 15 hereof, no fees
12 shall be assessed or charged to any Agricultural Cooperative by any government entity,
13 national or local, at any stage of its organization and registration process.
14

15 **Sec. 13. *Implementing Rules and Regulations*** – Within 180 days from the approval
16 of this Act, the ACB, with the approval of the Policy Board, and in coordination with the
17 Administrator of the CDA, shall issue the necessary IRR to implement this Chapter.
18

19 **CHAPTER III – PREFERENTIAL BENEFITS AND PRIVILEGES**

20
21 **Sec. 14. *Responsibilities, Benefits and Privileges of Agricultural Cooperatives.***
22 — An Agricultural Cooperative shall have the following responsibilities and shall enjoy the
23 following unrestricted benefits and privileges:
24

25 a) *Responsibilities, Taxes, Duties, and Liens:*
26

27 i. All responsibilities of cooperatives defined under Chapter V of R.A. No. 9520
28 shall apply to Agricultural Cooperatives insofar as these responsibilities are
29 consistent with the provisions of this Act;
30

31 ii. All benefits and tax treatments of cooperatives defined under Chapter V of R.A.
32 No. 9520 shall apply to Agricultural Cooperatives, even those dealing with non-
33 members, insofar as these benefits and tax treatments are consistent with the

1 provisions of this Act.
2

3 iii. Agricultural Cooperatives shall be exempt from customs duties, advance sales
4 or compensating taxes on their importation of machineries, equipment and
5 spare parts used by them.
6

7 iv. All sales, services, or transactions of Agricultural Cooperatives shall not be
8 subject to any taxes and fees imposed under the internal revenue laws and
9 other tax laws, including income taxes, VAT, percentage taxes sales, and local
10 sales taxes.
11

12 v. All real properties owned, and those directly used for the operations,
13 management, and maintenance of Agricultural Cooperatives shall be exempt
14 from the payment of real property taxes imposed under existing laws.
15

16 vi. On the tenth year after the approval of this Act, the ACB may, in coordination
17 with the relevant government institutions, promulgate guidelines defining the
18 thresholds of accumulated reserves and undivided net savings of Agricultural
19 Cooperatives for the purpose of imposing reasonable limits on transactions with
20 non-members and the general public.
21

22 *b) Trainings and Conferences:*
23

24 i. All trainings and/or conferences necessary for the organization, registration,
25 management, and operations of an Agricultural Cooperative shall be given free
26 of charge, including costs of venue, training materials, speakers and resource
27 persons. The local agricultural cooperative officers shall be primarily
28 responsible for these trainings and conferences within their respective
29 localities.
30

31 *c) Loans and Grants:*
32

33 i. All loans applied for by Agricultural Cooperatives on any government owned or

1 controlled banks or financial institutions shall enjoy preferential status and
2 handling as to requirements, rates, securities, and collaterals.

3
4 ii. The Policy Board, through the ACB, shall coordinate with the *Banko Sentral ng*
5 *Pilipinas* to lower the thresholds for all loans applied for and granted to
6 Agricultural Cooperatives.

7
8 iii. All loans and grants granted to Agricultural Cooperatives shall be exempt from
9 the payment of all taxes and fees by any government unit or institution,
10 including the Bureau of Internal Revenue (BIR).

11
12 **Sec. 15. *Joint Implementing Rules and Regulations***– The Policy Board, *Banko*
13 *Sentral ng Pilipinas*, and BIR shall jointly, within 180 days from the approval of this Act,
14 issue the necessary guidelines for the implementation of this Chapter.

15
16 **CHAPTER IV – APPLICATION OF OTHER PROVISIONS OF R.A. No. 9250 AND**
17 **R.A. No. 11364**

18
19 **Sec. 16. *Other Provisions of R.A. No. 9250*** – In so far as not inconsistent with this
20 Act, all other provisions of R.A. No. 9250 shall continue to apply to Agricultural
21 Cooperatives.

22
23 The CDA shall liberally exercise its powers to implement the provisions of R.A. No. 9250
24 in favor of Agricultural Cooperatives and the principles enunciated in this Act.

25 Within 180 days from the effectivity of this Act, the CDA, in coordination with the Policy
26 Board, is shall issue a more liberal and simplified implementing rules and regulations for
27 all other provisions of R.A. No. 9250 and R.A. No. 11364 applicable to Agricultural
28 Cooperatives in line with the principles enunciated with this Act.

29
30 **CHAPTER V – FINAL PROVISIONS**

31
32 **Sec. 17. *Implementing Rules and Regulations***. – The Agricultural Cooperatives
33 Policy Board, in consultation with the CDA, shall issue rules and regulations to implement

1 those provisions of this Act which expressly call for the issuance thereof. This paragraph
2 shall not apply to those cases wherein a specific provision of this Act expressly designates
3 particular government agencies which shall issue the regulations called for by any
4 provision of this Act.

5
6 **Sec. 18. Penal Provisions** – In addition to the penal provisions of R.A. No. 9250 and
7 the applicable penal provisions of R.A. No. 11364, any local agricultural cooperative
8 officer, officer of the ACB, or officer of the CDA, who shall refuse to process or delay the
9 processing of registration of an Agricultural Cooperative shall be punished by a fine of not
10 less than five hundred thousand pesos (P500,000.00) but not more than five million pesos
11 (P5,000,000.00) and suffer imprisonment of not less than four (4) years but not more
12 than six (6) years: Provided, That the conviction or acquittal obtained under this section
13 shall not be a bar to the filing of any civil or administrative suit.

14
15 Furthermore, any member of an Agricultural Cooperative, or any person who shall violate
16 any provision of this Act shall be punished by a fine of not less than one million pesos
17 (P1,000,000.00) but not more than ten million pesos (P10,000,000.00) and suffer
18 imprisonment of not less than six (6) years but not more than twelve (12) years: Provided,
19 That the conviction or acquittal obtained under this section shall not be a bar to the filing
20 of any civil or administrative suit.

21
22 **Sec. 19. Interpretation and Construction.** – In case of doubt as to the meaning of
23 any provision of this Act or the regulations issued in pursuance thereof, the same shall be
24 resolved liberally in favor of Agricultural Cooperatives and their members.

25
26 **Sec. 20 Appropriations.** — The funds needed to carry out the provisions of this Act
27 shall be charged to the appropriations of the CDA under the current General
28 Appropriations Act: Provided, That in the initial year of operations of the Policy Board and
29 the ACB, an additional amount of not exceeding One Hundred Million Pesos
30 (P100,000,000.00) may be requested and drawn by the CDA from the Department of
31 Agriculture, and the Department of Trade and Industry, and from any other available
32 source. Thereafter, such sums as may be necessary for its continued implementation shall
33 be included in the annual General Appropriations Act.

1 **Sec. 21. *The Joint Congressional Oversight Committee on Cooperative (JCOCC).***

2 – The Joint Congressional Oversight Committee created under R.A. 9520 shall review and
3 monitor the proper implementation of this Act.
4

5 **Sec. 22. *Repealing Clause.*** – Except as expressly provided by this Act, all other laws
6 or regulations, or parts thereof, inconsistent with any provision of this Act shall be deemed
7 repealed: *Provided*, That the relevant provisions of R.A. No. 9520, R.A. No. 11364, and
8 R.A. No. 7160 as applicable to Agricultural Cooperatives are hereby repealed, amended
9 or modified accordingly.
10

11 **Sec. 23. *Transitory Provisions.*** -
12

13 a) All Agricultural Cooperatives registered and confirmed under R.A. No. 9520 are
14 hereby deemed registered under this Act, and a new certificate of registration shall
15 be issued by the CDA: *Provided*, That such cooperative shall submit to its local
16 agricultural cooperative office a copy of their certificate of registration or certificate
17 of confirmation, the articles of cooperation, their bylaws, and their latest audited
18 financial statement within one (1) year from the effectivity of this code, otherwise
19 the shall be deemed cancelled *motu proprio*.
20

21 b) Following the issuance of the new certificate of registration, the registered
22 agricultural cooperatives shall secure their certificate of tax exemption from the
23 nearest office of the BIR: *Provided*, That such exemptions shall be valid of ten (10)
24 years from the date of issue, unless extended by the Policy Board: *Provided*,
25 *further*, That all unpaid assessments of previously registered Agricultural
26 Cooperative under R.A. No. 9520 shall be the subject of compromise settlement
27 on terms favorable to such Agricultural Cooperative; and: *Provided, finally*, That
28 the BIR and the ACB shall be jointly issue the necessary regulations on this
29 exemption and compromise within ninety (90) days from the effectivity from this
30 Code.
31

32 **Sec. 24. *Separability Clause.*** - Should any part of this code be declared
33 unconstitutional, the validity of remaining provision hereof shall remain in full and effect.

1 **Sec. 25. *Effectivity Clause.*** - This code shall take effect fifteen (15) days from its
2 publication in a newspaper of general circulation.

3

4 Approved,