



COOPERATIVE DEVELOPMENT AUTHORITY

827 Aurora Blvd., Service Road, Brgy. Immaculate Conception, 1111 Cubao, Quezon City, Philippines
http://www.cda.gov.ph helpdesk@cda.gov.ph CDA @CDAPhil PH Cooperatives



MEMORANDUM

TO : ALL COOPERATIVES

FROM : THE CHAIRMAN

**SUBJECT : UTILIZATION OF CDF, OPTIONAL FUND, GRF AND
RELEASE OF ISCP, LOANS AND OTHER ASSISTANCE
TO COOPERATIVE MEMBERS**

DATE : March 26, 2020

Amidst the declaration of a state of calamity in the country brought about by COVID-19, the following guidelines are hereby issued to address the pressing concerns of cooperatives:

1. MC No. 2020-03, dated March 11, 2020, allowed the postponement of annual general assembly meetings and election of officers in view of Proclamation No. 922. This, however, would concomitantly result to a delay in the distribution of the Interest on Share Capital and Patronage Refund (ISCP), which, in these trying and uncertain times, are badly needed by the members. Thus, in keeping with the cooperative principle of self-help and mutual help, early distribution of ISCP will be allowed, subject to adjustments, when necessary.

Nonetheless, in view, of the mandatory directive prohibiting mass gatherings, cooperatives are reminded to explore alternative means to distribute the ISCP so as to ensure that the distribution process observes the enhanced community quarantine for COVID-19 under the guidance of local authorities and observing strict physical distancing.

2. Cooperatives are strongly encouraged to utilize their Community Development Fund (CDF), which under Article 86 (3) of R.A. No. 9520, shall not be less than three per centum (3%) of their net surplus, for projects or activities that will benefit the community where the cooperative operates. These projects or activities are those identified and included in the approved Social Development Plan with the exception, however, of those undertaken in response to the COVID-19 pandemic to reinforce prevention and control actions of the government.

Food packs, vitamins, alcohol, soap and other basic necessities may be distributed to those community members who are in dire need of help

Office of the Chairman : (02) 721-5325
(02) 721-5324

Office of the Executive Director : (02) 725-6450
Office of the Day : (02) 725-3764



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but with adherence to safety protocols, and ensuring that the procurement of these goods will not shortchange the members.

3. The Optional Fund, which under Article 86 (4) of R.A. No. 9520, shall not exceed seven per centum (7%), may also be utilized by the cooperative, if warranted by the circumstances, for the benefit of its members and employees. This, however, must later on be confirmed by the General Assembly.

If the cooperative chooses not to use its Optional Fund or if the same is not sufficient for the intended aid purpose, additional fund assistance may be charged to direct expenses.

With respect, however, to accumulated Reserve Fund, Article 86 (1)(a) of the same Act is clear that same shall be used for the stability of the cooperative and to meet net losses in its operations. Thus, in the event that the cooperative incurs a loss during the year on account of this crisis, only then may the Reserve Fund be used to absorb this loss.

4. Emergency or calamity loans at interest-free or minimal rates of interest may be extended to enable the members to meet their needs, subject to the lending policies of the cooperative.
5. Cooperative-owned vehicles and properties may be made available for use by members of the cooperative or community especially during emergency situations, in coordination with local government units.

While we commiserate with the plight of the cooperatives and millions of their members during these trying times, we are at the same time mindful of everyone's paramount right to public health and safety. Hence, all acts undertaken in consonance with the above guidelines should be done within the context of social distancing and quarantine-related measures.

We are uncertain as to how long the dreaded COVID-19 Pandemic will last. In the meantime, let us do whatever we can to help and let the members of our cooperatives and community feel that they are not alone during these tough times.

For your guidance/information.

ORLANDO R. RAVANERA, CSEE, CEO VI

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