



COOPERATIVE DEVELOPMENT AUTHORITY

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COMMENT BAYANIHAN TO RECOVER AS ONE ACT OR BAYANIHAN 2

“With a firm collective belief that cooperativism is the countervailing force against poverty, hunger, deep inequality, decline in social justice, ecological turbulence due to climate change and violent extremism, the 18,000 cooperatives nationwide with some 11 million members have stood up to the call. This is the categorical mandate of the cooperatives pronounced by no less than the highest law of the land that “cooperatives are instruments of social justice, equity and economic development.” As manifested in the Research Study of the USAID, cooperativism is the empowering path “to make life better for those in the margins and the Philippines is the cooperative leader in South-East Asia and the Pacific.”

It has always been and will continue to be the mandate of the Cooperative Development Authority to adhere to the declared policy of the State to foster the creation and growth of the cooperatives as a practical vehicle for promoting self-reliance and harnessing people power towards the attainment of economic development and social justice.

The Cooperative Development Authority (CDA) is one with the government in the enactment of **BAYANIHAN TO RECOVER AS ONE ACT OR BAYANIHAN 2** which aims to boost the recovery of the Philippines of the adverse the impact of the Corona Virus Disease of 2019 (COVID-19) pandemic to the Philippine economy and society.

The CDA would like to comment however as to the express inclusion of cooperatives as a financial institution to be covered by the proposed law. Under Section 3 (tt) line 15 it is suggested for the inclusion of the phrase ***“duly registered cooperatives with the Cooperative Development Authority (CDA) which provide credit and other lending services”***

Moreover, in line 5, to include in the categories for MSMEs all cooperatives, Under CDA MC No. 2007-07, micro cooperatives are those cooperative whose assets size are three million (P3,000,000.00) and below exclusive of the land on which the particular cooperative's office, plant and equipment, if any, are situated, P3,000,001 to 15 million are small and P15,000,001 to 100 million are medium.

In line 3 page 24 it only mentions BSP and SEC to adopt the relaxation of regulatory requirements and to grant reporting reliefs. Be it noted that there are cooperatives duly registered with the CDA which are also extending loans and other forms of financial accommodation, thus, cooperatives with lending business activity under the supervision of CDA must also be included.



In line 40 page 31 to add phrase and other credit granting financial institutions under the supervision of the Cooperative Development Authority.

While CDA recognizes the noble intentions behind the 365-day moratorium on loan payments, the said policy may severely affect not only the financial system of cooperatives with credit and other lending services but the rest of the cooperative sector whose borrowers are the owners themselves of said cooperatives. Loan terms may be extended to give time for borrowers to recover their finances following the series of lockdowns meant to contain COVID-19 infections but not to the extent of 365-day moratorium. Covered cooperatives like all other financial institutions will suffer the strain on their liquidity since they also rely on cash flows to keep lending activities going which could undermine the confidence of the member-borrowers. With limited cash, financial institutions including cooperatives may also be forced to become more sparing in granting credit to new or repeat member-borrowers. Not only that, cooperatives which may belong to the category of struggling MSMEs which are considered risky clients will be affected in its borrowings with other financial institutions.

Verily, viewed within the context of the constitutional mandate and obvious legislative intent, the provisions of the law should be construed to further its purpose with the true intent and spirit of social justice. Bearing in mind that the proposed bill seeks to provide a program direction to restore economic growth, maintain employment levels, and expand the productive capacity of the country.

In view of the foregoing, therefore, we hope that in the drafting of this proposed legislation the foregoing premises be taken into consideration.

Respectfully submitted.


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Chairman