

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

SIXTEENTH CONGRESS

Second Regular Session

House Bill No. **5250**

Introduced by Hon. Delphine Gan Lee

**EXPLANATORY NOTE**

For almost half a century, the coconut farmers have long been waging a battle for their right to gain access to the Coco Levy Fund and to have the opportunity to develop their industry and provide better lives for their families. The huge potential of the coconut industry to be a contributor to the Philippine economy remains largely untapped. Through technological innovations, it is possible to harness the coconut industry to address increasing demands and offer its products to other markets.

This bill aims to create the Coconut Farmers Trust Fund for the growth of the industry which will in effect benefit the entire nation.

Included in this bill is the financing of programs for the increased productivity of coconut farms, capacity building of farmers, research and development of coconut-based enterprises, and implementation of poverty-alleviation programs. It aims to revive the industry and attract investors to make it viable and profitable.

The urgent passage of this bill is thus earnestly requested.

  
HON. DELPHINE GAN LEE  
Representative, AGRI Party-List

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1        **AN ACT TO DEVELOP THE COCONUT INDUSTRY BY CREATING THE**  
2        **COCONUT FARMERS TRUST FUND**

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

3        SECTION 1. *Short Title.* – This Act shall be known as the “Coconut Farmers’ Trust  
4        Fund Act of 2014.”

5        SECTION 2. *Declaration of Policies.* – The State recognizes that the agriculture  
6        sector provides food and vital raw materials for the rest of the economy;

7        The State also recognizes that rising productivity and efficiency in the agricultural  
8        sector are critical in maintaining the affordability of food and purchasing power, especially  
9        among the poor;

10       It is hereby declared the policy of the State to consolidate the benefits due to coconut  
11       farmers, especially the poor and marginalized, under various statutes and to expedite the  
12       delivery thereof in order to achieve a balanced, equitable, integrated, and sustainable growth  
13       and development for the coconut industry.

14       SECTION 3. *The Coconut Farmers Trust Fund.* – Pursuant to the provisions of the  
15       Presidential Decrees and other issuances creating the coconut levy trust fund and in line with  
16       the decisions of the courts affirming the trust character of the fund, there is hereby constituted  
17       an irrevocable trust fund, to be known as the Coconut Farmers Trust Fund (hereinafter  
18       referred to as the “Trust Fund”), which shall be capitalized, managed, utilized and accounted

for in the manner provided in this Act.

SECTION 4. *Purpose of the Trust Fund.* – The Fund shall be established for the development of the coconut industry for the benefit of the small coconut farmers and farm workers. Its purpose shall include the financing of programs or assistance for the benefit of the coconut farmers, increased productivity of the coconut industry, and development of coconut-based enterprises and other anti-poverty programs.

SECTION 5. *Initial Capitalization of the Trust Fund.* – The Coconut Industry Investment Fund – San Miguel Corporation (CIIF-SMC) block of shares, starting with the proceeds of the Series 1 preferred shares together with all dividends declared, paid or issued thereon, as well as any increments thereto, and all other available funds shall form the initial capital of the Trust Fund. The government shall reconvey the aforesaid proceeds, dividends, and increments thereto to the Trust Fund Committee created under Section 9, under such terms and conditions consistent with this Act.

Nothing in this Act shall be understood to prevent any person, group, or entity from conveying to the Committee other properties and/or additional assets which shall form part of the initial capitalization of the Trust Fund.

SECTION 6. *Extent of the Trust Fund.* – The Trust Fund shall be composed of the following:

- (a) Initial capitalization as provided in Section 5;
- (b) Such other properties and/or assets intended for the purpose herein stated, and conveyed or transferred to the Committee emanating from all coco levy recovered assets; and ,
- (c) Grants, donations, and other lawful transfers by public or private entities.

SECTION 7. *Perpetual Nature of the Trust Fund.* – In order to ensure an enduring character of the Fund and to maximize its benefits to the coconut farmers and the industry, it shall be managed and administered in a prudent manner consistent with its character as a perpetual fund:

- (a) The principal shall be perpetually maintained and preserved. For this purpose, the principal is defined as all recovered coco levy assets including their dividends

1 which shall be managed to generate income and/or interest. The principal may be  
2 augmented by grants, donations, and other lawful transfers by public or private  
3 entities;

4 (b) In the event that any property or asset of the Trust Fund (or any portion hereof, as  
5 the case may be) is subsequently sold, alienated or disposed of, the proceeds and  
6 revenues arising out of and realized from such sale, alienation or dispositions,  
7 shall form part of the principal;

8 (c) Only the income, interest earnings; and

9 (d) and monetary benefit realized by and accruing on the principal shall be used for  
10 such purposes and endeavors specific under the provisions of this Act.

11 SECTION 8. *Designation of Trustee Bank/s.* – The Committee shall designate a  
12 reputable depository bank/s of the Trust Fund, which shall:

13 (a) Manage, utilize, and account for the Trust Fund of a portion thereof in the manner  
14 hereinafter provided by the Committee; and

15 (b) Exercise the tasks, functions, and duties determined and established by the  
16 Committee created under the provisions of this Act, to the extent allowed under  
17 applicable laws.

18 SECTION 9. *The Coconut Farmers Trust Fund Committee.* – A Coconut Farmers  
19 Trust Fund Committee (he “Committee”) is hereby created under the Office of the President.  
20 Its purpose shall be the management and administration of the trust fund and the disposition  
21 and utilization of its earnings for the development of the coconut industry and ultimately  
22 benefit the small coconut farmers and farm workers.

23 The Committee shall be composed of the President of the Philippines acting as the  
24 Chairperson, and four (4) other members, as follows:

25 (a) The Secretary of Agriculture;

26 (b) One (1) representative from coconut farmers’ organizations which have  
27 considerable experience and reputable track record;

28 (c) One (1) representative from the finance and banking sector, which must have been  
29 in the finance and banking industry for at least ten (10) years; and

30 (d) One (1) representative from civil society organizations with a focus on uplifting  
31 the small coconut farmers and the industry which has a considerable experience  
32 and reputable track record;

1 With the exception of the President and the Secretary of Agriculture whose position in  
2 the Committee is co-terminous with their respective terms in office, the members of the  
3 Committee shall each hold a term of three (3) years and can only be reappointed once by the  
4 President.

5 SECTION 10. *Functions and Responsibilities of the Committee.* – To ensure that  
6 the benefits and gains arising out of the Trust Fund directly redound to, and are received by,  
7 the small coconut farmers and farm workers, the Committee shall:

- 8 (a) Decide on the disposition, utilization, and allocation of the said funds and assets in  
9 consultation with the coconut farmers for the following special purposes:
- 10 a. Increase in the productivity of small coconut farmers through sustainable  
11 means;
  - 12 b. Rehabilitation of the coconut industry and promotion of coconut-based  
13 farm systems;
  - 14 c. Establishment of coconut-based enterprises and modernization towards  
15 global competitiveness; and
  - 16 d. Other poverty alleviation and social equity programs.
- 17 (b) Set the investment and asset management policy of the Trust Fund in  
18 consideration of all existing coconut industry development studies and plans  
19 consistent with the purposes of this Act. The said asset management policy shall  
20 include an immediate evaluation of all reconveyed assets, determine its usefulness  
21 to the coconut farmers and the industry, and recommend the appropriate  
22 disposition thereof if needed;
- 23 (c) Periodically review the established priorities for the preferential assistance to  
24 small coconut farmers and farm workers, revised as necessary in accordance with  
25 changing conditions;
- 26 (d) Formulate the rules and regulations governing the allocation, utilization, and  
27 disbursements of the Fund;
- 28 (e) Form a Secretariat that will provide staff work and serve the needs of the  
29 Committee for the purposes stated in this Act;
- 30 (f) Monitor implementation and exercise oversight functions;
- 31 (g) Perform such other acts necessary, proper, or conducive to attain the purposes of  
32 the Fund.

1       SECTION 11. *Operating Budget.* – The operating budget of the Committee and its  
2       Secretariat shall be sourced from a portion of the interest earnings of the principal which shall  
3       not exceed ten percent (10%) of the amount of projects and programs for implementation.

4       SECTION 12. *Implementing Agencies.* – The Committee may call upon any  
5       department, bureau, office, agency, and instrumentality of the government, including  
6       government owned and controlled corporations, such as the Philippine Coconut Authority,  
7       the Department of Agriculture, Department of Science and Technology, and the Department  
8       of Energy to implement identified programs and projects.

9       SECTION 13. *Reconveyance of Assets.* – The Presidential Commission on Good  
10      Government, the Office of the Solicitor General, and other appropriate government  
11      instrumentalities are hereby directed to take all the necessary steps to reconvey all recovered  
12      coconut levy funds and assets to the Committee.

13      SECTION 14. *Separability Clause.* - If any provision of this Act or the application of  
14      such provision to any person or circumstance is declared invalid, the remainder of the Act or  
15      the application of such provision to other persons or circumstances shall not be affected by  
16      such declaration.

17      SECTION 15. *Repealing Clause.* – Any law, presidential decree or issuance,  
18      executive order, letter of instruction, administrative order, rule or regulation contrary to or  
19      inconsistent with this Act is hereby repealed, modified, or amended accordingly.

20      SECTION 16. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after  
21      its publication in at least two (2) newspapers of general circulation.

22      Approved,