

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
3rd Regular Session

HOUSE BILL NO. 9150



Introduced by Representative Jose T. Panganiban Jr.

EXPLANATORY NOTE

Coconut, popularly known as the 'Tree of Life', is one of the top ten export produce of the country. About one third of the country's arable agricultural land or 3.26 million hectares is planted to coconut representing sixty four (64) out of seventy nine (79) provinces, and one thousand and one hundred ninety-five (1,195) out of one thousand and five hundred fifty-four (1,554) municipalities in the country.

Despite this, the coconut industry is confronted with various challenges including low productivity, lack of information on appropriate technologies, and high poverty incidence among our coconut farmers.

The coconut industry has been waiting for a legislative action that will finally enable the sector to address the serious concerns that it has been confronted with for so long. The Coconut Levy Funds has still to be utilized for the benefit of the coconut farmers and for the development of the coconut industry.

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

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House Bill No. 9150

Introduced by **REPRESENTATIVE JOSE T. PANGANIBAN, JR**

AN ACT
ESTABLISHING THE COCONUT FARMERS AND INDUSTRY DEVELOPMENT
TRUST FUND AND PROVIDING FOR ITS MANAGEMENT AND UTILIZATION

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

1
2 SECTION 1. **Short Title.** This Act shall be known as the ‘Coconut Farmers and Industry
3 Development Trust Fund Act’.

4
5 SEC. 2. **Declaration of Policy.** It is hereby declared the policy of the State to
6 consolidate the benefits due to coconut farmers, especially the poor and marginalized, under
7 various statutes and the Coconut Levy Fund, and to expedite the delivery thereof to attain a
8 balanced, equitable, integrated and sustainable growth and development of the coconut levy.

9
10 **CHAPTER I**
11 **DEFINITION OF TERMS**
12

13 SEC. 3. **Definition of Terms.** – As used in this Act:

14 (a) **Coconut Industry Investment Fund (CIIF)** refers to the Fund created pursuant to
15 Presidential Decree No. 1468, which authorized the United Coconut Planters Bank (UCPB) to
16 utilize the surplus funds from the Coconut Consumers Stabilization Fund (CCSF) and the Coconut
17 Industry Development Fund (CIDF) for investments in the form of shares of stock in corporations

1 organized for the purpose of engaging in the establishment and operation of industries,
2 commercial activities and other allied business undertakings related to the coconut industry in all
3 its aspects and the establishment of a research program into the commercial and industrial uses of
4 coconut;

5 (b) **CIIF Holding Companies** refer to the fourteen (14) holding companies, namely:
6 (1) Anglo Ventures Corporation; (2) ASC Investors, Incorporated; (3) Arc Investors, Incorporated;
7 (4) AP Holdings, Incorporated; (5) Fernandez Holdings, Incorporated; (6) First Meridian
8 Development, Incorporated; (7) Randy Allied Ventures, Incorporated; (8) Rock Steel Resources,
9 Incorporated; (9) Roxas Shares, Incorporated; (10) San Miguel Officers Corporation,
10 Incorporated; (11) Soriano Shares, Incorporated; (12) Te Deum Resources, Incorporated; (13)
11 Toda Holdings, Incorporated; and (14) Valhalla Properties Limited, Incorporated, created by the
12 CIIF Oil Mills Group to acquire, hold and manage the shares of stock of San Miguel Corporation
13 (SMC);

14 (c) **CIIF Oil Mills Group** refers to the six (6) CIIF companies, namely: (1) Southern
15 Luzon Coconut Oil Mills; (2) Cagayan de Oro Oil Company, Incorporated; (3) Iligan Coconut
16 Industries, Incorporated; (4) San Pablo Manufacturing Corporation; (5) Granexport Manufacturing
17 Corporation; and (6) Legaspi Oil Company, Incorporated, acquired by the UCPB using the CIIF;

18 (d) **CIIF SMC Block Shares** refer to the thirty-three million one hundred thirty-three
19 thousand two hundred sixty-six (33,133,266) shares of stock in SMC, sequestered by the
20 Presidential Commission on Good Government (PCGG) in April 1986 representing thirty-one
21 percent (31%) of the total outstanding capital stock of SMC;

22 (e) **Converted SMC Series 1 Preferred Shares** refer to that portion of the CIIF SMC
23 Block Shares covering seven hundred fifty-three million eight hundred forty-eight thousand three
24 hundred twelve (753,848,312) preferred shares of stock in SMC representing twenty-four percent
25 (24%) of the outstanding capital stock of SMC;

26 (f) **Coconut farmer** refers to:

27 (1) Farmer-owner of a coconut farm, who:

28 (i) Tills the land (owner-cultivator) who shall be entitled to direct benefits for being
29 disadvantaged and marginalized; or

30 (ii) Does not till the land, but has control and supervision over the cultivation of a
31 farm; and

- (2) A non-owner of the coconut farm who is either a:
- (i) Leaseholder or tenant who tills or supervises the cultivation of the farm; or
 - (ii) Farm worker or laborer, whether seasonal or itinerant, engaged in the harvesting of the nuts and processing of copra as major means of livelihood;
- (g) Coconut Levy Assets refer to any and all kinds of property, whether real or personal, tangible or intangible, wherever situated, which have been acquired through or otherwise funded by the Coconut Levy Funds, including those assets that may be recovered in favor of the government, as well as the fruits or income derived therefrom, including those acquired in exchange or substitution thereof, including the following:
- (1) The shares of stock in the UCPB determined to be owned by the government;
 - (2) The CIIF Oil Mills Group;
 - (3) The CIIF Holding Companies; and
 - (4) The Converted SMC Series 1 Preferred Shares;
- (h) Coconut Levy Funds refer to various funds generated from levies, taxes, charges, and other fees exacted or imposed pursuant to or in connection with the sale of copra rececada or its equivalent in other coconut products, and collected for the most part from coconut farmers, planters, millers, refiners, processors, exporters, desiccators and other end users of copra rececada or its equivalent in other coconut products. These shall refer to any and all of the following:
- (1) The Coconut Investment Fund created under Republic Act No. 6260;
 - (2) The Coconut Consumers Stabilization Fund, later renamed as the Coconut Industry Stabilization Fund, created under Presidential Decree No. 276;
 - (3) The Coconut Industry Development Fund created under Presidential Decree No. 582;
 - (4) The Coconut Industry Investment Fund created pursuant to Presidential Decree No. 1468; and
 - (5) The Coconut Reserve Fund under Presidential Decree No. 1468 and Presidential Decree No. 1842;
- (i) Investment guidelines refer to the investment management guidelines, rules, procedures, and policies to be formulated by the Coconut Farmers and Industry Development Trust Fund Committee created under Section 11 of this Act, hereinafter referred to as the Committee, and as may be amended from time to time, which shall provide the parameters for investments of

1 the Trust Fund or any portion thereof, and shall include, among others, asset allocation, criteria for
2 selection of fund managers, required income from the fund, and other investment management
3 threshold requirements;

4 (j) Trust Income refers to the income, interest earnings, and other monetary benefits,
5 realized by and accruing to the Trust Fund or any portion thereof; and

6 (k) Trust Principal refers to:

7 (1) The initial Trust Principal composed of dividends declared, paid, or issued on the
8 Converted SMC Series 1 Preferred Shares; the proceeds from the redemption of the Converted
9 SMC Series 1 Preferred Shares; all income or interest derived therefrom as of the effectivity of
10 this Act; any other cash Coconut Levy Asset deposited in the Bureau of the Treasury (BTr) and
11 the UCPB as administrator of the CIIF; and any other cash Coconut Levy Asset including amounts
12 deposited in the UCPB as Administrator of the CIIF;

13 (2) Any and all proceeds of privatization of the Coconut Levy Assets remitted thereto
14 by the Privatization and Management Office (PMO), organized under Article III of Executive
15 Order No. 323 (Series of 2001); and

16 (3) Proceeds of privatization of any or all properties or assets conveyed by any person,
17 group or entity to the Committee, from time to time, as provided in Section 8 hereof

19 CHAPTER II

20 AUDIT AND RECONVEYANCE OF COCONUT LEVY ASSETS

21
22 SEC. 4. *Audit and Inventory of Coconut Levy Assets.* – Upon the effectivity of
23 this Act, the PCGG, created under Executive Order No. 1 (Series of 1986), shall conduct a
24 complete accounting and inventory of the Coconut Levy Assets as well as the investments,
25 disbursements, and expenditures relating to the Coconut Levy Fund and submit a certified report
26 to the BTr, the Commission on Audit (COA), the Office of the President (OP), the Senate of the
27 Philippines and the House of Representatives.

28 The COA shall audit the inventory of Coconut Levy Assets prepared and submitted by the
29 PCGG for the purpose of, among others, determining the completeness of the inventory,
30 establishing the reasonableness of the asset valuation and tracing of the flow of the Coconut Levy
31 Fund. The COA shall submit to the Coconut Farmers and Industry Development Trust Fund

1 Committee, created under Section 11 hereof, its initial audit report within one hundred twenty
2 (120) days upon completion of the audit. However, further audit may be undertaken after the
3 initial audit, as necessary.

4 The Committee shall, within fifteen (15) days from its receipt of the audit report, publish
5 the same in at least two (2) newspapers of national circulation.
6

7 SEC. 5. ***Reconveyance of Coconut Levy Assets.*** – Immediately upon the effectivity
8 of this Act, the PCGG, the government representatives to the boards of sequestered/surrendered
9 corporations, and any government agency or person in possession, custody, control or
10 administering any Coconut Levy Asset shall perform or cause the performance of the following:

11 (a) Reconveyance of the title of such asset to the Republic of the Philippines;

12 (b) Delivery of all stock certificates and other evidence of ownership to the BTr for
13 safekeeping; and

14 (c) Deposit all cash assets in the Trust Fund.

15 Any provision of law to the contrary notwithstanding, the BTr and the UCPB shall directly
16 remit the initial Trust Principal to the Trust Fund.

17 The COA shall conduct an audit to determine compliance with pertinent laws, rules and
18 regulations on reconveyance of the Coconut Levy Assets to the government.
19

20 CHAPTER III

21 COCONUT FARMERS AND INDUSTRY DEVELOPMENT TRUST FUND 22

23 SEC. 6. ***The Coconut Farmers and Industry Development Trust Fund.*** – There
24 is hereby created a perpetual trust fund to be known as the Coconut Farmers and Industry
25 Development Trust Fund, hereinafter referred to as the Trust Fund, which shall consist of the Trust
26 Principal and the Trust Income. No portion of the Trust Fund shall accrue to the general fund of
27 the national government. It shall be capitalized, managed, utilized and accounted for in the manner
28 provided in this Act. Nothing in this Act shall be understood to prevent or prohibit any person,
29 group or entity from conveying to the Committee other properties and/or additional assets either
30 for the use of the coconut industry or for purposes of privatization, in which case, the proceeds of
31 such privatization shall form part of the Trust Fund.

1 SEC. 7. ***Purpose of the Trust Fund.*** – The Trust Fund shall be used exclusively
2 for the ultimate benefit of coconut farmers and farm workers as embodied in the Coconut Farmers
3 and Industry Development Plan prepared pursuant to Section 21 hereof.

4
5 SEC. 8. ***Capitalization of the Trust Fund.*** – All assets and/or properties derived
6 from all coconut levy recovered assets, and all dividends, interest earnings and incomes that are
7 available upon the effectivity of this Act shall form part of the initial capital of the Trust Fund.
8 The Trust Fund shall thereafter be augmented with all proceeds of privatization/disposition of the
9 Coconut Levy Assets remitted directly thereto by the PMO in accordance with this Act, including
10 any and all forms of income, interests, earnings, yields, or any monetary benefit derived therefrom
11 prior to the privatization/disposition of these Coconut Levy Assets.

12 In order to ensure the enduring character of the Trust Fund, the Trust Principal thereof shall
13 be augmented by grants, donations and other lawful transfers by public or private entities. At the
14 end of the year, all unspent portion of the Trust Income for the year shall accrue to the Trust
15 Principal.

16
17 SEC. 9. ***Management and Utilization of the Trust Fund.*** – The Trust Fund shall
18 be available and may be utilized only for the purpose for which it was created and upon
19 authorization of the Committee, subject to the following conditions:

- 20 (a) The Trust Principal shall be preserved and maintained at all times and only the Trust
21 Income may be used: *Provided*, That twenty billion pesos (Php20,000,000,000.00)
22 of the Trust Principal shall be set aside and to be known as the Jumpstart Fund which
23 shall be used to accelerate the development of the industry for the ultimate benefit of
24 the coconut farmers and farm workers: *Provided, further*, That at least seven billion
25 five hundred million pesos (Php7,500,000,000.00) of the Jumpstart Fund shall be
26 used for the social protection programs as provided for in Section 21 (e) of this Act;
27 (b) The Trust Income shall be disbursed only on the basis of the funding requirement of
28 the program, activity or project as approved by the Committee;
29 (c) The Trust Income may also be disbursed to pay for the expenses of the Committee
30 for the administration, monitoring, evaluation, information services, and other
31 necessary activities for the effective performance of its functions under this Act; and

1 (d) No part of the Trust Fund shall be utilized for the payment of salaries and other
2 personnel benefits unless otherwise provided in this Act.

3 All releases from the Trust Fund approved by the Committee shall be released directly to
4 the implementing agencies: *Provided*, That coconut productivity and developmental programs and
5 projects shall be implemented by the Philippine Coconut Authority (PCA) created under
6 Presidential Decree No. 232 (Series of 1973), as amended by Presidential Decree No. 1468
7 (Series of 1978). Other coconut productivity and developmental programs and projects
8 implemented by other agencies shall be closely coordinated with the PCA.

9 Disbursements or expenditures by the concerned implementing agencies in violation of the
10 purpose of the Trust Fund shall be void and shall subject the erring officials and employees to
11 disciplinary actions in accordance with Section 43, Chapter 5 and Section 80, Chapter 7, Book VI
12 of Executive Order No. 292, and to appropriate criminal action under existing penal laws.

13
14 SEC. 10. *Designation of the Bureau of the Treasury (BTr) as Depository of the*
15 *Trust Fund.* – Any law to the contrary notwithstanding, the BTr is hereby designated as the
16 depository of the Trust Fund which shall: (a) hold and account the Trust Fund in the manner set
17 forth by the Committee; (b) release funds directly to the implementing agencies upon the
18 instruction of the Committee; (c) when so appointed by the Committee, act as a fund manager of
19 the investments of the Trust Fund with the authority and accountability as that of a private fund
20 manager; and (d) perform other tasks as may be authorized by the Committee.

21 The Committee may designate alternative depository banks which shall perform the same
22 functions as that of the BTr.

23
24 **CHAPTER IV**
25 **COCONUT FARMERS AND INDUSTRY DEVELOPMENT TRUST FUND**
26 **COMMITTEE**
27

28 SEC. 11. *Creation of the Coconut Farmers and Industry Development Trust Fund*
29 *Committee.* – The Coconut Farmers and Industry Development Trust Fund Committee is hereby
30 created under the Office of the President.
31 The Committee shall have the following powers and functions:

1 (a) Coordinate and monitor the implementation of the Coconut Farmers and Industry
2 Development Plan;

3 (b) Approve any allowable disbursement out of the Trust Fund pursuant to Section 14
4 of this Act;

5 (c) Formulate the Investment Guidelines pursuant to the allowable investments stated
6 in Section 28 of this Act;

7 (d) Appoint a fund manager, if necessary, to handle the investment of the Trust Principal;

8 (e) Identify the Coconut Levy Assets that will be privatized, retained, or abolished and
9 submit its recommendation to the President;

10 (f) Approve the marketing and disposition program for the Coconut Levy Assets
11 approved for privatization;

12 (g) Authorize the sale and other mode of privatization of Coconut Levy Assets
13 approved for privatization;

14 (h) Authorize the rehabilitation of Coconut Levy Assets approved for privatization
15 pending actual disposition;

16 (i) Facilitate access by coconut farmers and their organizations from the most poverty
17 afflicted areas of the country to the services, programs and benefits implemented pursuant to the
18 Coconut Farmers and Industry Development Plan;

19 (j) Submit reports and recommendations to the President in connection with its
20 functions under this Act;

21 (k) Conduct periodic review of the Coconut Farmers and Industry Development Plan; and

22 (l) Exercise such other incidental powers and functions as may be necessary to attain
23 the objectives of this Act.

24 The PCA shall provide Secretariat support to the Committee.
25

26 SEC. 12. **Composition.** – The Committee shall be composed of the following:

27 (a) Six (6) representatives from the government who shall be serving in *ex officio*
28 capacities:

29 (1) Secretary of the Department of Agriculture (DA) as Chairperson;

30 (2) Secretary of the Department of Finance (DOF) as Vice Chairperson;

31 (3) Secretary of the Department of Trade and Industry (DTI);

1 (4) Secretary of the National Economic and Development Authority (NEDA);

2 (5) Secretary of the Department of Agrarian Reform (DAR); and

3 (6) Administrator of the PCA or the office where PCA is attached;

4 (b) Nine (9) representatives from the coconut farmers' organizations who have
5 considerable experience, substantial membership and reputable track records allocated as follows:

6 (1) Three (3) representatives from Luzon;

7 (2) Three (3) representatives from Visayas; and

8 (3) Three (3) representatives from Mindanao; and

9 (c) Two (2) representatives from the coconut industry sector who have considerable
10 experience and reputable track record.

11 The nominees of the coconut farmers' organizations shall be validated and shortlisted by
12 the PCA, in consultation with the National Anti-Poverty Commission (NAPC). The list of
13 nominees shall be submitted to the President not later than thirty (30) days following the effectivity
14 of this Act. The representatives of the coconut industry sector shall be appointed by the President
15 from a list of nominees submitted by the Committee.

16 The government representatives in the Committee shall serve only during their respective
17 terms of office. The nine (9) representatives from the coconut farmers' organizations and the two
18 (2) representatives from the coconut industry sector shall each hold a term of three (3) years unless
19 sooner removed for cause, and may be reappointed once. Any of the representatives shall continue
20 to hold office until their successor is appointed: *Provided*, That any appointment to fill a vacancy
21 in the Committee shall be only for the unexpired term.

22
23 SEC. 13. *Ex Officio Alternates.* – The *ex officio* members of the Committee may
24 designate their respective permanent alternates who shall be the officials next-in-rank to them and
25 their acts shall be considered the acts of their principals.

26
27 SEC. 14. *Meetings of the Committee.* – The Committee shall meet at least once a
28 month, or as often as deemed necessary and expedient to discharge its
29 responsibilities. The presence of at least a majority of the members of the Committee shall
30 constitute a quorum, and the concurrence of a majority of the members present at a meeting at
31 which a quorum exists shall be adequate for any decision by the Committee: *Provided*, That the

1 approval of at least a majority of the members of the Committee shall be required on matters
2 involving the following:

3 (a) Any single disbursement of funds involving more than fifty million pesos
4 (Php50,000,000.00);

5 (b) Any proposed investment involving more than one hundred million pesos
6 (Php100,000,000.00); and

7 (c) All dispositions or privatization proposals.

8 The Chairperson, if unavailable, may designate the Vice Chairperson to convene the
9 Committee and preside over the Committee's meetings on behalf of the Chairperson.

10
11 SEC. 15. *Compensation of the Members of the Committee.* – The members of the
12 Committee may be entitled to *per diems* and reimbursable expenses, in accordance with COA rules
13 and regulations.

14
15 SEC. 16. *Obligations of the Members of the Committee.* – The members of the
16 Committee shall act with due care, diligence, skill, and good faith in all its dealings with the Trust
17 Fund and the Coconut Levy Assets. They shall avoid conflicts of interest and declare before the
18 Committee any interest they may have in any particular matter.

19 Where a member of the Committee receives any profit or benefit by virtue of the office,
20 including acquiring shares in corporations that form part of the Coconut Levy Assets, using the
21 Coconut Levy Assets for one's benefit, receiving commission on contracts from the Coconut Levy
22 Assets, or taking advantage of corporate opportunities involving the Coconut Levy Assets, all such
23 profits or benefits shall be returned to the Trust Fund without prejudice to any administrative, civil
24 or criminal action against such member. This provision shall be applicable notwithstanding the
25 fact that such member of the Committee used one's own funds in the venture.

26 The Committee shall recommend to the President the removal and the replacement of the
27 member who performs such acts.

28
29 SEC. 17. *Executive Director of the Committee.* – The President, upon
30 recommendation of the Committee, shall appoint an Executive Director who must be a Filipino
31 citizen, a college degree holder, has professional experience preferably in public finance,

1 investment management, program and policy development, or project monitoring and evaluation,
2 and knowledgeable with the development of the coconut industry.

3 The Executive Director shall have the following powers and functions:

4 (a) Execute policies and administer the programs approved or promulgated by the
5 Committee;

6 (b) Monitor the progress of the implementation of the Plan, and submit periodic reports
7 to the Committee;

8 (c) Direct and supervise officials, employees, representatives, and agents for the
9 Committee;

10 (d) Prepare an annual report on the activities of the Committee at the close of each
11 fiscal year and to submit a copy thereof to the President and to Congress;

12 (e) Keep and maintain official records and reports of the proceedings of the
13 Committee;

14 (f) Administer oaths in all matters falling within the jurisdiction of the Committee; and

15 (g) Exercise such other duties as may be vested by the Committee that are consistent
16 with the provisions of this Act.

17 The Committee shall determine the salary of the Executive Director in accordance with the
18 existing Salary Standardization Law and shall be taken from the Trust Income.

19
20 SEC. 18. *Cooperation with the Committee.* – The Committee may also call upon
21 any department, bureau, office, agency, and instrumentality of the government, including
22 government-owned and -controlled corporations, for any assistance it may need in the discharge
23 of its functions and responsibilities as well as in the implementation of the programs and projects.
24

25 SEC. 19. *Accounting and Auditing.* – The Committee shall maintain records and
26 accounts of all investments, income, receipts, disbursements and other transactions relating to the
27 management, administration and disposition of the Trust Fund. These records and accounts shall
28 be maintained in accordance with existing accounting and auditing laws, rules and regulations.
29 The Trust Fund shall be audited by the COA.
30

SEC. 20. **Legal Counsel.** – The Solicitor-General shall be the *ex officio* counsel of the Committee on legal matters.

CHAPTER V

COCONUT FARMERS AND INDUSTRY DEVELOPMENT PLAN

SEC. 21. ***Preparation of the Coconut Farmers and Industry Development Plan.*** – An *Ad Hoc* Committee is hereby created to be composed of the Secretaries of the DA, DAR, Department of the Interior and Local Government (DILG), Department of Finance (DOF), Department of Public Works and Highways (DPWH), Department of Science and Technology (DOST), Department of Social Welfare and Development (DSWD), Department of Trade and Industry (DTI), NAPC, NEDA, Commission on Higher Education (CHED), nine (9) representatives from the farmers' groups and two (2) representatives from the coconut industry sector who are members of the Coconut Farmers and Industry Development Trust Fund Committee. The Administrator of the PCA shall act as the *Ad Hoc* Committee's Chairperson.

The *Ad Hoc* Committee, in consultation with the coconut farmers' organizations, industry associations, civil society organizations, academe, concerned government agencies and other stakeholders in the coconut industry shall indicate in an integrated coconut industry strategy map the policies for the development and rehabilitation of the coconut industry. It shall prepare, every ten (10) years, a medium-term plan of programs, activities and projects which shall be funded out of the Trust Fund and which shall be known as the Coconut Farmers and Industry Development Plan. The Plan shall be consistent with the Philippine Development Plan and shall be subject to mandatory review every year.

In the formulation of the Plan, the *Ad Hoc* Committee shall be guided by the following objectives:

- (a) Increase in the income of coconut farmers and increase in coconut productivity including intercropping and livestock-raising;
- (b) Establishment of coconut-based enterprises including integrated processing of coconut products and downstream products;

1 (c) Rehabilitation and modernization of the coconut industry towards global
2 competitiveness;

3 (d) Provision of timely and critical support to coconut farmers' organizations; and

4 (e) Establishment of social protection programs that directly benefit the poor and
5 marginalized coconut farmers and farm workers, in case these social protection programs are not
6 funded by an appropriations law or any other special law, or where funding is insufficient. The
7 social protection programs shall include: (1) social services such as life, free medical care and
8 services which may not be covered by PhilHealth, and accident insurance coverage of the coconut
9 farmers and farm workers; (2) scholarships for the benefit of the deserving descendants of the
10 coconut farmers and farm workers other than payment of tuition fees but inclusive of monthly
11 stipend, allowance for books and instructional materials and other allied components of a
12 scholarship grant; (3) livelihood programs; and (4) opening a lending window in a government
13 bank for the extension of concessionary loans of not more than two *per centum* (2%) interest per
14 annum exclusively to poor and marginalized coconut farmers and farm workers.

15 The Plan shall provide an indicative funding requirement or allocation for the
16 implementation of any and all of the programs and projects to be funded by the Jumpstart Fund
17 and Trust Income, which funding or allocation shall be itemized or broken down on a project-to-
18 project basis: *Provided, That:* (i) for projects which are recurring, or to be implemented on a
19 regular basis, the allocation shall indicate the annual fund that may be required to implement the
20 project; and (ii) for projects that are to be implemented or concluded within a period of time, the
21 allocation shall indicate the total fund that may be required for the implementation of the whole
22 project, itemized according to the phases or stages of the project.

23 Within ninety (90) days from the appointment of all farmer-representatives and the industry
24 representatives, the Plan shall be submitted by the *Ad Hoc* Committee to the Coconut Farmers and
25 Industry Development Trust Fund Committee which shall, in turn, submit the Plan to the President
26 for approval. Immediately upon its approval, the Plan shall be returned to the Committee for the
27 disbursement of funds in accordance with the provisions of this Act. Any amendment to the Plan
28 shall require the approval of the President.

29 If the President has any objection or any amendment thereto, the President shall notify the
30 Committee within thirty (30) days from receipt thereof; otherwise, the Plan shall be deemed
31 approved.

CHAPTER VI
PRIVATIZATION OF THE COCONUT LEVY ASSETS

SEC. 22. *Privatization of the Coconut Levy Assets.* – The Committee shall determine the Coconut Levy Assets that shall be privatized and/or retained. For this purpose, the Committee shall be guided by the following factors:

(a) Functions or purposes for which the entity was created are no longer relevant to coconut farmers and the industry;

(b) Functions or purposes of the entity duplicate or unnecessarily overlap with the functions, programs, activities or projects already provided by another agency;

(c) Entity is not producing the desired outcomes, or is no longer achieving the objectives for which it was originally designed and implemented. Entities which are producing the desired outcomes shall not be privatized;

(d) Entity is dormant or non-operational;

(e) Entity is involved in an activity which is best carried out by the private sector; and

(f) Function, purpose, or nature of operations of any group of entities require consolidation under a holding company.

The Committee shall submit its recommendation to the President for approval. The Committee shall also arrange for the transfer of the Coconut Levy Assets approved for privatization to the PMO.

SEC. 23. *Additional Mandate of the Privatization and Management Office (PMO).*

– In addition to its powers and functions under Executive Order No. 323 dated December 6, 2000, the PMO is authorized to dispose the Coconut Levy Assets that have been approved for privatization in accordance with Section 22 of this Act.

In the discharge of its mandate, the PMO shall:

(a) Formulate and implement the marketing and disposition program after securing prior approval of the Committee;

(b) Take possession of and preserve such assets on behalf of the Committee;

1 (c) Execute and deliver, on behalf of the Committee, deeds of sale, contracts, trust
2 instruments, and other legally operative documents as may be necessary or appropriate to convey
3 title to, take possession of, and conserve such assets;

4 (d) Engage external expertise as may be necessary in the fulfillment of its tasks under
5 this Act; and

6 (e) Perform any other acts necessary for the discharge of its functions.

7 Any and all sales and other modes of privatization or disposition shall not be considered
8 final unless and until approved by the Committee.

9
10 SEC. 24. ***Powers of the Privatization and Management Office (PMO).*** – The PMO
11 is also empowered to enter into sales through public bidding, negotiated sale, lease, or any form
12 of divestment or transmission of rights over the Coconut Levy Assets: Provided, That no Coconut
13 Levy Asset shall revert to the previous owners or their nominees or be sold to individuals who, as
14 determined by final judgment of a court of law, have mismanaged or diverted such assets.

15 Prior to the implementation of any privatization plan, the PMO shall exercise the following
16 powers:

17 (a) Require anyone or the subject corporations to adopt and implement cost-reduction
18 measures to enhance the viability, and therefore the disposability of the corporations to potential
19 buyers, including measures requiring personnel retrenchment plans or other forms of corporate
20 downsizing;

21 (b) Direct anyone or all of the subject corporations to submit to the PMO, within fixed
22 timetables, such reports and information as the PMO may require in the exercise of its functions
23 under this Act; and

24 (c) Cause the subject corporations to undergo merger, consolidation, spin-off, or other
25 corporate acts of reformatory nature as it may deem necessary or desirable to expedite the
26 disposition and privatization under this Act.

27 In all such cases, no corporate measure shall be implemented without the approval of the
28 Committee.

29
30 SEC. 25. ***Committee to Determine Transfer Value.*** – The Committee is hereby
31 vested with full and complete powers and prerogatives to determine transfer values and related

1 valuations at which the Coconut Levy Assets shall be transferred and conveyed to the PMO
2 pursuant to the mandate of this Act and upon reasonable consultation with a third-party appraiser:
3 Provided, That any valuation approved by the Committee for purposes of the transfer to the PMO
4 shall not be deemed a condonation, waiver, or extinguishment of any obligation by any party
5 whose vested rights may be impaired by such transfer.

6
7 SEC. 26. **Remittance of Proceeds of Privatization.** – All proceeds or receipts from
8 the sale of Coconut Levy Assets shall be remitted to the Trust Fund to be utilized solely for the
9 purpose for which it was created.

10 SEC. 27. **Reporting Requirements.** – The Committee shall, on a semiannual basis,
11 submit to the President and to Congress a report on the status of disposition of the Coconut Levy
12 Assets, which shall include, among others, a description of the individual assets disposed of, the
13 purchasers thereof, the consideration received therefor, and the agreed terms of payment.
14 The PMO shall, within three (3) months following the closure of books at the end of each fiscal
15 year, submit a comprehensive annual report duly approved or endorsed by the Committee, to the
16 President and to Congress, on the status of its privatization efforts and its disposition program for
17 the Coconut Levy Assets, which shall include the items described in the immediately preceding
18 paragraph.

19
20 SEC. 28. **Allowable Investments.** – The Committee shall manage the Trust Principal
21 with the skill, care, prudence, and diligence necessary under the circumstances that a prudent
22 person acting in like capacity and familiar with such matters would exercise in the conduct of an
23 enterprise of a like character and with similar aims. Pursuant thereto, and in line with the basic
24 principles of safety, growth, and liquidity, the Trust Principal shall only be invested in any or all
25 of the following:

26 (a) Bonds, securities, promissory notes or other evidence of indebtedness of the
27 Government of the Philippines, or in bonds, securities, promissory notes and other evidence of
28 indebtedness to which full faith, credit and unconditional guarantee of the Republic of the
29 Philippines is pledged;

30 (b) Bonds, securities, promissory notes or other evidence of indebtedness of
31 government financial institutions or government corporations with acceptable credit or guarantee:

1 Provided, That such investments shall be subject to a ceiling to be fixed by the Committee in the
2 implementing rules and regulations;

3 (c) Deposits and loans and/or investments in any domestic bank doing business in the
4 Philippines and in good standing with the Bangko Sentral ng Pilipinas: Provided, That in case of
5 such deposits, these shall not exceed at any time the unimpaired capital and surplus or total private
6 deposits of the depository bank, whichever is smaller: Provided, further, That the bank shall have
7 been first designated as a depository for this purpose by the Monetary Board of the Bangko Sentral
8 ng Pilipinas: Provided, finally, That such investments shall be subject to a ceiling to be fixed by
9 the Committee in the implementing rules and regulations; and

10 (d) Investment in profitable coconut-based enterprises including integrated processing
11 of coconut products and downstream products consistent with one of the objectives of the Coconut
12 Farmers and Industry Development Plan as provided for in Section 21, subject to the following
13 conditions: (1) preparation and validation of pertinent feasibility studies; (2) investment ceiling to
14 be fixed by the Committee; and (3) the proceeds or income of the investment shall automatically
15 accrue to the Trust Principal.

16 17 CHAPTER VII 18 FINAL PROVISIONS 19

20 SEC. 29. *Suppletory Application of Republic Act No. 10149 and Executive Order*
21 *No. 323.* – In the interpretation of the provisions of this Act, the provisions of Republic Act No.
22 10149, otherwise known as the “GOCC Governance Act of 2011”, shall apply suppletorily.
23 Executive Order No. 323, entitled “Constituting an Inter-Agency Privatization Council (PC) and
24 Creating a Privatization and Management Office (PMO) under the Department of Finance for the
25 Continuing Privatization of Government Assets and Corporations”, except for Sections 2 and 3 of
26 Article IV thereof, shall also apply suppletorily.

27
28 SEC. 30. *Implementing Rules and Regulations.* – Within thirty (30) days from the
29 date of the constitution of the Committee, it shall formulate and promulgate the rules and
30 regulations for the proper implementation of this Act, in consultation with the PMO.
31

1 SEC. 31. ***Congressional Oversight.*** – The Congressional Oversight Committee on
2 Agricultural and Fisheries Modernization (COCAFM) shall exercise oversight functions over the
3 implementation of this Act. The financial review of the program in relation to its performance
4 indicators shall be subject to the oversight functions of the Joint Congressional Oversight
5 Committee on Public Expenditures.

6
7 SEC. 32. ***Separability Clause.*** – If any provision of this Act is declared invalid or
8 unconstitutional, the other provisions not affected by such declaration shall remain in full force
9 and effect.

10
11 SEC. 33. ***Repealing Clause.*** – All laws, executive and administrative orders, rules
12 and regulations inconsistent with this Act are hereby repealed or amended accordingly.

13
14 SEC. 34. ***Effectivity.*** – This Act shall take effect fifteen (15) days after its
15 publication in the Official Gazette or in a newspaper of general circulation.

16
17 Approved,
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19