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House Bill No. 301

HOUSE OF REPRESENTATIVES

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***Introduced by Representative RAMON VICENTE ANTONIO M. ROCAMORA***

### EXPLANATORY NOTE

*"Owned by government in trust for all the coconut farmers..."* is a favorite quote of most coconut farmers and their advocates that have been embroiled in almost four decades of struggle for the recovery and utilization of the coco levy funds.

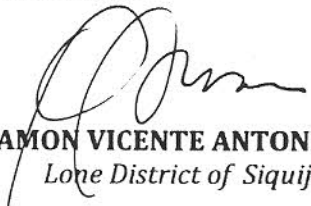
According to a December 14, 2001 Supreme Court ruling, coconut levy funds, collected as they were by the State using its police and taxing powers, is public in nature. Further, The Supreme Court in a decision in 2012 indeed stated explicitly that the 24% shares in San Miguel Corporation bought with the coco levy funds are "declared owned by the government to be used only for the benefit of all coconut farmers and for the development of the coconut industry". However, it was also very clear in the decision that the coco levy monies are in the nature of taxes and cannot be transferred to private hands. After the coconut farmers' long march from Davao to Malacanang led by Kilus Magniniyog from September 11 to November 26 in 2014, the Supreme Court issued its final entry of judgment with regard to the 24% SMC-CIIF shares now valued at about P74 billion.

An enabling law that will clearly spell out the mechanisms so that this P74 billion can now be utilized is long overdue. This bill seeks to do just that. Among its key features are:

- 1) It initially allots some P10 billion to jump-start projects and programs most needed to provide social protection for coconut farmers and provide support in terms of capital and equipment for the establishment of coco hubs in coconut producing municipalities.
- 2) Subsequent annual releases will just be from the interest earnings of the fund
- 3) A trust fund committee which shall manage the fund and establish policies on its utilization, guided by a Coco Roadmap crafted by the inter-agency efforts with the strong participation of coconut farmers shall be set up. The strong presence of coconut farmers in this committee is also put in place.
- 4) Coco levy assets shall only be privatized should there be no use for them for the coconut farmers in building their coco enterprises.

The use of the coco levy funds to benefit coconut farmers and the industry has been the subject of Presidential Debates during the last election. No doubt, it has been a very emotional issue. But more than that, it is a social justice issue.

Early passage of this bill is therefore earnestly requested.

  
**HON. RAMON VICENTE ANTONIO M. ROCAMORA**  
*Lone District of Siquijor*

(a) **Coconut Industry Investment Fund (CIIF)**, refers to the Fund created pursuant to Presidential Decree No. 1468, which authorized the United Coconut Planters Bank (UCPB) to utilize the surplus funds from the Coconut Consumers Stabilization Fund (CCSF) and the Coconut Industry Development Fund (CIDF) for investments in the form of shares of stock in corporations organized for the purpose of engaging in the establishment and operation of industries, commercial activities and other allied business undertakings relating to the coconut and other palm oils industry in all its aspects and the establishment of a research into the commercial and industrial uses of coconut and other palm oil industry;

(b) **CIIF Holding Companies** refer to the fourteen (14) holding companies, namely: Anglo Ventures Corporation; ACS Investors, Incorporated; Arc Investors, Incorporated; AP Holdings, Incorporated; Fernandez Holdings, Incorporated; First Meridian Development, Incorporated; Randy Allied Ventures, Incorporated; Rock Steel Resources, Incorporated; Roxas Shares, Incorporated; San Miguel Officers Corporation, Incorporated; Soriano Shares, Incorporated; Te Deum Resources, Incorporated; Toda Holdings, Incorporated; and Valhalla Properties Limited, Incorporated, created by the CIIF Oil Mills Group to acquire, hold and manage the shares of stocks of San Miguel Corporation (SMC);

(c) **CIIF - Oil Mills Group** refers to the six (6) CIIF companies, namely, Southern Luzon Coconut Oil Mills; Cagayan de Oro Oil Company, Incorporated; Iligan Coconut Industries, Incorporated; San Pablo Manufacturing Corporation; Granexport Manufacturing Corporation; and Legaspi Oil Company, Incorporated, acquired by the UCPB using the CIIF;

(d) **CIIF SMC Block Shares** refer to the 33,133,266 shares of stock in SMC, sequestered by the PCGG in April 1986 representing 31% of the total outstanding capital stock of SMC;

(e) **Converted SMC Series 1 Preferred Shares** refer to that portion of the CIIF SMC Block Shares covering 753,848,312 preferred shares of stock in SMC representing 24% of the outstanding capital stock of SMC;

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

(1) Farmer-owner of a coconut farm, which is not more than five (5) hectares, who:

(i) tills the land (owner-cultivator), or

(ii) does not till the land, but has control and supervision over the cultivation of a farm which is not more than five (5) hectares; 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 UCPB determined to be owned by the Government;

(2) the CIIF Oil Mills Group;

(3) the CIIF Holding Companies; and

1 (4) the Converted SMC Series 1 Preferred Shares.

2 (h) **Coconut Levy Funds** refer to various funds generated from levies,  
3 taxes, charges, and other fees exacted or imposed pursuant to or in connection  
4 with the sale of *copra rececada* or its equivalent in other coconut products,  
5 and collected for the most part from coconut farmers, planters, millers,  
6 refiners, processors, exporters, desiccators and other end-users of *copra*  
7 *rececada* or its equivalent in other coconut products. These shall refer to any  
8 and all of the following:

9 (1) the Coconut Investment Fund created under Republic Act No. 6260;

10  
11 (2) the Coconut Consumers Stabilization Fund, later renamed as the  
12 Coconut Industry Stabilization Fund, created under Presidential Decree  
13 No. 276;

14  
15 (3) the Coconut Industry Development Fund created under Presidential  
16 Decree No. 582;

17  
18 (4) the Coconut Industry Investment Fund created pursuant to  
19 Presidential Decree No. 1468; and

20  
21 (5) the Coconut Reserve Fund under Presidential Decree No. 1468 and  
22 Presidential Decree No. 1842.

23  
24 (i) **Investment Guidelines** refer to the investment management  
25 guidelines, rules, procedures, and policies to be formulated by the Coconut  
26 Farmers and Trust Fund Committee created under Section 11 of this Act, and  
27 as may be amended from time to time, which shall provide the parameters for  
28 investments of the Trust Income or any portion thereof, and shall include,  
29 among others, asset allocation, criteria for selection of fund managers, and  
30 required income from the fund, and other investment management threshold  
31 requirements.

32 (j) **Trust Income** refers to the income, interest earnings, and other  
33 monetary benefits, realized by and accruing to the Trust Fund or any portion  
34 thereof.

35 (k) **Trust Principal** refers to:

36 (1) the initial Trust Principal composed of dividends declared, paid, or  
37 issued on the Converted SMC Series 1 Preferred Shares, the  
38 proceeds from the redemption of the Converted SMC 1 Preferred  
39 Shares, and all income or interest derived therefrom as of the  
40 effectivity of this Act and any other cash Coconut Levy Asset  
41 deposited in the Bureau of the Treasury (BTr) and the UCPB as  
42 administrator of the CIIF; any other cash Coconut Levy Asset  
43 including amounts deposited in UCPB as Administrator of the CIIF;





1 The COA shall conduct an audit to determine compliance with pertinent laws,  
2 rules and regulations on reconveyance of the Coconut Levy Assets to the Republic of  
3 the Philippines.

### 4 III

#### 5 Coconut Farmers and Industry Trust Fund

6 **SEC. 6. *The Coconut Farmers and Industry Trust Fund.*** There is hereby  
7 created a trust fund to be known as the Coconut Farmers and Industry Trust Fund,  
8 herein referred to as the "Trust Fund," which shall consist of the Trust Principal and  
9 the Trust Income. No portion of the Trust Fund shall accrue to the general fund of the  
10 National Government. It shall be capitalized, managed, utilized and accounted for in  
11 the manner provided in this Act. Nothing in this Act shall be understood to prevent  
12 or prohibit any person, group or entity from conveying to the Committee other  
13 properties and/or additional assets either for the use of the coconut industry, or for  
14 purposes of privatization, in which case, the proceeds of such privatization shall form  
15 part of the Trust Fund.

16  
17 **SEC. 7. *Purpose of the Trust Fund.*** – The Trust Fund shall be used exclusively  
18 for the ultimate benefit of coconut farmers and farm workers as embodied in the  
19 Coconut Farmers and Industry Development Plan prepared pursuant to Section 20  
20 hereof.

21  
22 **SEC. 8. *Capitalization of the Trust Fund.*** All assets and/or properties derived  
23 from all coco levy recovered assets; and all dividends, interest earnings and incomes  
24 that are available upon the effectivity of this Act shall form part of the initial capital of  
25 the Trust Fund. The Trust Fund shall thereafter be augmented with all proceeds of  
26 privatization/disposition of the Coconut Levy Assets remitted directly thereto by the  
27 PMO in accordance with this Act, including any and all forms of income, interests,  
28 earnings, yields, or any monetary benefit derived therefrom prior to the  
29 privatization/disposition of these Coconut Levy Assets.

30 In order to ensure the enduring character of the Trust Fund, the Principal  
31 thereof shall be augmented by grants, donations and other lawful transfers by public  
32 or private entities.

33  
34 **SEC. 9. *Management and Utilization of the Trust Fund and Trust Income.***  
35 The Trust Fund shall be available and may be utilized only for the purpose for which  
36 it was created and upon authorization of the Committee, subject to the following  
37 conditions:

- 38 (a) The Trust Principal shall be preserved and maintained at all times and  
39 only the Trust Income may be used: *Provided*, that an aggregate amount  
40 not exceeding Ten Billion pesos (Php) of the initial Trust Principal may be  
41 used during the first two years following the effectivity of this Act.  
42 (b) The Trust Fund shall be disbursed only on the basis of the funding  
43 requirement of the program, activity or project.

1 (c) The Trust Fund may also be disbursed to pay for the expenses of the  
2 Committee for the administration, monitoring, evaluation, information  
3 services, and other necessary activities for the effective performance of its  
4 functions under this Act; and

5 (d) No part of the Trust Fund shall be utilized to pay for the salary of PMO  
6 personnel.

7 All releases from the Trust Fund approved by the Committee shall be released  
8 directly to the implementing agencies: *Provided*, That coconut productivity and  
9 developmental programs and projects shall be implemented by the Philippine  
10 Coconut Authority (PCA), created under Presidential Decree 232 (S.1973), as  
11 amended by Presidential Decree No. 1468 (S.1978).

12  
13 **SEC. 10. Designation of the Bureau of the Treasury as Depository of the**  
14 **Trust Fund.** The Trust Fund shall be deposited in the Bureau of the Treasury (BTr).  
15 The BTr shall account for the Trust Fund in the manner provided by the Committee  
16 and shall perform such duties as may be determined by the Committee.

#### 17 18 IV

#### 19 Coconut Farmers and Industry Trust Fund Committee

20  
21 **SEC. 11. Creation of the Coconut Farmers and Industry Trust Fund**  
22 **Committee.** The Coconut Farmers and Industry Trust Fund Committee, hereinafter  
23 referred to as the Committee, is hereby created under the Office of the President.

24 The Committee shall have the following powers and functions:

- 25 (a) coordinate and monitor the implementation of the Coconut Farmers and  
26 Industry Development Plan;  
27 (b) approve any allowable disbursement out of the Trust Fund;  
28 (c) formulate the Investment Guidelines including the Prohibited  
29 Investments;  
30 (d) appoint a fund manager, if necessary, to handle the investment of the  
31 Trust Principal;  
32 (e) identify the Coconut Levy Assets that will be privatized, retained, or  
33 abolished and submit its recommendation to the President; *Provided* that  
34 said assets may no longer be useful to the coconut farmers and their  
35 needs to develop their coco enterprise;  
36 (f) approve the marketing and disposition program for the Coconut Levy  
37 Assets approved for privatization;  
38 (g) authorize the sale and other mode of privatization of Coconut Levy Assets  
39 approved for privatization;  
40 (h) authorize the rehabilitation of Coconut Levy Assets approved for  
41 privatization pending actual disposition;  
42 (i) facilitate access by coconut farmers and their organizations from the most  
43 poverty afflicted areas of the country to the services, programs and  
44 benefits implemented pursuant to the Coconut Farmer and industry

- 1 Development Plan. For purposes of this Act, those already accredited  
2 farmers organizations need not go through another accreditation process;  
3 (j) submit to the President reports and recommendations in connection with  
4 its functions under this Act;  
5 (k) appoint, transfer, suspend, or remove for cause, personnel of the  
6 Committee, and fix their remuneration in accordance with the Salary  
7 Standardization Law; and  
8 (l) exercise such other incidental powers and functions as may be necessary  
9 to attain the objectives of this Act.  
10 (m)

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

- 12 (a) Seven (7) representatives from the government who shall be serving in *ex-*  
13 *officio* capacity:  
14 (1) Secretary of the Department of Agriculture (DA) as Chairperson;  
15 (2) Secretary of the Department of Finance (DOF) as Vice-Chairperson;  
16 (3) Secretary of the Department of Interior and Local Government (DILG);  
17 (4) Secretary of the Department of Trade and Industry (DTI);  
18 (5) Secretary of the National Anti-Poverty Commission (NAPC);  
19 (6) Director-General of the National Economic Development Authority  
20 (NEDA); and  
21 (7) Administrator of the PCA.  
22 (b) Six (6) representatives from the coconut farmers' organizations who have  
23 considerable experience and reputable track records, allocated as follows:  
24 (1) two (2) representatives from Luzon;  
25 (2) two (2) representatives from Visayas; and  
26 (3) two (2) representatives from Mindanao

27 Within thirty (30) days following the effectivity of this Act, the PCA shall  
28 promulgate a selection process of nominees as representatives of the coconut  
29 farmers' organizations in the Committee. The nominees of the coconut farmers'  
30 organizations shall be validated and shortlisted by the PCA, in consultation with the  
31 NAPC. The list of nominees shall be submitted to the President not later than sixty  
32 (60) days from the start of the selection process.

33 The government representatives in the Committee shall serve only during  
34 their respective terms in office, while the six (6) representatives from coconut  
35 farmers organization shall each hold a term of one (1) year, unless sooner removed  
36 for cause. Any of the representatives shall continue to hold office until the successor  
37 is appointed: *Provided*, That any appointment to fill a vacancy in the Committee shall  
38 be only for the unexpired term.

39  
40 **SEC. 13. Ex Officio Alternates.** The *ex officio* members of the Committee may  
41 designate their respective alternates who shall be the officials next-in-rank to them  
42 and their acts shall be considered the acts of their principals.  
43



1           **SEC. 14. Meetings of the Committee.** The Committee shall meet at least once  
2 a month, or as often as deemed necessary and expedient to discharge its  
3 responsibilities. The presence of at least a majority of the members of the Committee  
4 shall constitute a quorum, and the concurrence of a majority of the members present  
5 at a meeting at which a quorum exists shall be adequate for any decision by the  
6 Committee: *Provided, That*, the approval of at least a majority of the members of the  
7 Committee shall be required on matters involving the following:

8           (a) any disbursement of funds involving more than Fifty million pesos  
9           (PhP50,000,000.00);

10          (b) any proposed investment involving more than One hundred million pesos  
11          (PhP100,000,000.00); and

12          (c) any disposition or privatization proposal involving more than Five hundred  
13          million pesos (PhP500,000,000.00).

14          The Chairperson, if unavailable, may designate the Chairperson to convene  
15 the Committee and preside over the Committee's meeting on behalf of the  
16 Chairperson.

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

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

31  
32           **SEC. 16. Executive Director of the Committee.** The President, upon  
33 recommendation of the Committee, shall appoint an Executive Director who shall  
34 exercise the following powers and functions:

35           (a) administer the programs approved or promulgated by the Committee;

36           (b) direct and supervise officials, employees, representatives and agents  
37           for the Committee;

38           (c) prepare an annual report on the activities of the Committee at the close  
39           of each fiscal year and to submit a copy thereof to the President and  
40           Congress;

41           (d) keep and maintain official records and reports of the proceedings of  
42           the Committee;

43           (e) administer oaths in all matters falling within the jurisdiction of the  
44           Committee; and

1 (f) exercise such other duties as may be vested by the Committee that are  
2 consistent with the provisions of this Act.

3 The PCA shall provide Secretariat support to the Committee.  
4

5 **SEC. 17. Cooperation with the Committee.** The Committee may also call upon  
6 any department, bureau, office, agency, and instrumentality of the government,  
7 including government-owned and controlled corporations for any assistance it may  
8 need in the discharge of its functions and responsibilities.  
9

10 **SEC. 18. Accounting and Auditing.** The Committee shall maintain records and  
11 accounts of all investments, income, receipts, disbursements and other transactions  
12 relating to the management, administration and disposition of the Trust Fund. These  
13 records and accounts shall be maintained in accordance with existing accounting and  
14 auditing laws, rules and regulations. The Trust Fund shall be audited by the COA.  
15

16 **SEC. 19. Legal Counsel.** The Secretary of Justice shall be the *ex-officio* counsel  
17 to the Committee on legal matters.  
18

## V

### Coconut Farmers and Industry Development Plan

19  
20  
21 **SEC. 20. Preparation of the Coconut Farmers and Industry Development**  
22 **Plan.** An *Ad Hoc* Committee is hereby created to be composed of the Secretaries of  
23 the DA, the Department of Agrarian Reform (DAR), the DTI, the Department of  
24 Science and Technology (DOST), the Department of Energy (DOE), the Department of  
25 Public Works and Highways (DPWH), the DILG, the NAPC, the National Economic  
26 Development Authority (NEDA), a representative from the farmers' groups. The  
27 Administrator of the PCA shall act as the *Ad Hoc Committee's* Chairperson.

28 The *Ad-Hoc* Committee, in consultation with the coconut farmers and  
29 representatives of the coconut industry, shall indicate in an integrated coconut  
30 industry strategy map the policies for the development and rehabilitation of the  
31 coconut industry and shall prepare a five (5) year plan of programs, activities and  
32 projects which shall be funded out of the Trust Fund and which shall be known as the  
33 Coconut Farmers and Industry Development Plan.

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

- 36 1) the increase in the income of coconut farmers and increase coconut  
37 productivity including intercropping and livestock-raising;
- 38 2) the promotion of coconut-based enterprises including integrated  
39 processing of coconut products and downstream products;
- 40 3) the provision of timely and critical support to coconut farmers  
41 organization and development; and
- 42 4) the establishment of social protection programs that directly benefit  
43 coconut farmers and farm workers, in case these social protection

1 programs are not funded by an appropriations law or any other special  
2 law, or where funding is insufficient.

3 The Plan shall provide an indicative funding requirement or allocation for the  
4 implementation of any and all of the programs and projects to be funded by the Trust  
5 Income, which funding or allocation shall be itemized or broken down on a project-  
6 to-project basis: *Provided, That*, (a) for projects which are recurring, or to be  
7 implemented on a regular basis, the allocation shall indicate the annual fund that  
8 may be required to implement the project; and (b) for projects that are to be  
9 implemented or concluded within a period of time, the allocation shall indicate the  
10 total fund that may be required for the implementation of the whole project, itemized  
11 according to the phases or stages of the project.

12 Within sixty (60) days from the effectivity of this Act, the Plan shall be  
13 submitted by the Ad Hoc Committee to the Coconut Farmers and Industry Trust Fund  
14 Committee who shall, in turn, submit the Plan to the President for approval.  
15 Immediately upon its approval, the Plan shall be returned to the Committee for the  
16 disbursement of funds in accordance with the provisions of this Act. Any amendment  
17 to the Plan shall require the approval of the President.

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

## 21 VI

### 22 Privatization of the Coconut Levy Assets

23  
24 **SEC. 21. Privatization of the Coconut Levy Assets.** The Committee shall  
25 determine the Coconut Levy Assets that shall be privatized. For this purpose, the  
26 Committee shall be guided by the following factors:

- 27 (a) the functions or purposes for which the entity was created are no longer  
28 relevant to the State or no longer consistent with the national development  
29 policy of the State;
- 30 (b) the functions or purposes of the entity duplicate or unnecessarily overlap with  
31 functions, programs, activities or projects already provided by another  
32 agency;
- 33 (c) the entity is not producing the desired outcomes, or is no longer achieving the  
34 objectives for which it was originally designed and implemented;
- 35 (d) the entity is dormant or non-operational;
- 36 (e) the entity is involved in an activity which is best carried out by the private  
37 sector; and
- 38 (f) the function, purpose, or nature of operations of any group of entities requires  
39 consolidation under a holding company.

40 The Committee shall submit its recommendation to the President for  
41 approval. The Committee shall also arrange for the transfer of the Coconut Levy  
42 Assets approved for privatization to the PMO, unless the President, upon the



1 recommendation of the Committee, designates another agency to preserve such  
2 Coconut Levy Assets pending privatization.

3  
4 **SEC. 22. Additional Mandate of the Privatization and Management Office**  
5 **(PMO).** In addition to its powers and functions under Executive Order No. 323 dated  
6 December 6, 2000, the PMO is authorized to dispose the Coco Levy Assets that have  
7 been approved for privatization.

8 In the discharge of its mandate, the PMO shall:

- 9 (a) formulate and implement the marketing and disposition program after  
10 securing prior approval of the Committee;  
11 (b) take possession of and preserve such assets on behalf of the National  
12 Government;  
13 (c) execute and deliver, on behalf of the National Government, deeds of sale,  
14 contracts, trust instruments, and other legally operative documents as may  
15 be necessary or appropriate to convey title to, take possession of, and  
16 conserve such assets;  
17 (d) engage external expertise as may be necessary in the fulfillment of its tasks  
18 under this Act; and  
19 (e) adopt internal rules and regulations.

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

22  
23 **SEC. 23. Powers of the Privatization and Management Office.** The PMO is  
24 also empowered to enter into sales through public bidding, negotiated sale, lease, or  
25 any form of divestment or transmission of rights over the Coconut Levy Assets,  
26 *Provided;* That no Coconut Levy Asset shall revert to the previous owners or their  
27 nominees or be sold to individuals who, as determined by final judgment of a court of  
28 law, have mismanaged or diverted such assets.

29 Prior to the implementation of any privatization plan, the PMO shall exercise  
30 the following powers:

- 31 (a) require anyone or the subject corporations to adopt and implement cost-  
32 reduction measures to enhance the viability, and therefore the disposability of  
33 the corporations to potential buyers, including measures requiring personnel  
34 retrenchment plans or other forms of corporate downsizing;  
35 (b) direct anyone or all of the subject corporations to submit to the PMO, within  
36 fixed time-tables, such reports and information as the PMO may require in the  
37 exercise of its functions under this Act; and  
38 (c) cause the subject corporations to undergo merger, consolidation, spin-off, or  
39 other corporate acts of reformatory nature as it may deem necessary or  
40 desirable to expedite the disposition and privatization under this Act.

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



1        Nothing herein shall be construed as authorizing the Committee or the PMO to  
2        rehabilitate or allow investments of any and all Coconut Levy Assets transferred to  
3        the National Government.  
4

5        **SEC. 24. Committee to Determine Transfer Value.** The Committee is hereby  
6        vested with full and complete powers and prerogatives to determine transfer values  
7        and related valuations at which the Coconut Levy Assets shall be transferred and  
8        conveyed to the PMO pursuant to the mandate of this Act and upon reasonable  
9        consultation with a third-party appraiser: *Provided*, That any valuation approved by  
10       the Committee for purposes of the transfer to the PMO shall not be deemed a  
11       condonation, waiver, or extinguishment of any obligation by any party whose vested  
12       rights may be impaired by such transfer.  
13

14       **SEC. 25. Remittance of Proceeds of Privatization.** All proceeds or receipts  
15       from the sale of Coconut Levy Assets shall be remitted to the Trust Fund.  
16

17       **SEC. 26. Reporting Requirements.** The Committee shall, on a semi-annual  
18       basis, submit to the President and to Congress a report on the status of disposition of  
19       the Coconut Levy Assets, which shall include, among others, a description of the  
20       individual assets disposed of, the purchasers thereof, the consideration received  
21       therefor, and the agreed terms of payment.  
22

23       The PMO shall, within three (3) months following the closure of books at the  
24       end of each fiscal year, submit a comprehensive annual report duly approved or  
25       endorsed by the Committee, to the President and Congress on the status of its  
26       privatization efforts and its disposition program for the Coconut Levy Assets, which  
27       shall include the items described in the immediately preceding paragraph.  
28

29       **SEC. 27. Retention and Dissolution of Coconut Levy Assets.** The Committee  
30       shall identify the Coconut Levy Assets that should be retained by the National  
31       Government or reorganized or abolished, guided by the same standards mentioned  
32       in Section 21 of this Act. The Committee shall submit its recommendation to the  
33       President for approval.  
34

35       Coconut Levy Assets that have been approved for retention shall be  
36       transferred to such agency as may be designated by the President.  
37

38       The Governance Commission on Government Owned or Controlled  
39       Corporations (GCG), created under Republic Act No. 10149, shall implement the  
40       dissolution of those Coconut Levy Assets that have been approved for abolition.  
41

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

- 1 (a) Bonds, securities, promissory notes or other evidence of indebtedness of the  
2 Government of the Philippines, or in bonds, securities, promissory notes and  
3 other evidence of indebtedness to which full faith, credit and unconditional  
4 guarantee of the Republic of the Philippines is pledged;
- 5 (b) Bonds, securities, promissory notes or other evidence of indebtedness of  
6 government financial institutions or government corporations with  
7 acceptable credit or guarantee: *Provided*, That such investments shall be  
8 subject to a ceiling to be fixed by the Committee in the implementing rules and  
9 regulations; and
- 10 (c) Deposits and loans and/or investments in any domestic bank doing business  
11 in the Philippines and in good standing with the Bangko Sentral ng Pilipinas:  
12 *Provided*, That in case of such deposits, these shall not exceed at any time the  
13 unimpaired capital and surplus or total private deposits of the depository  
14 bank, whichever is smaller; *Provided*, further, That the bank shall first have  
15 been designated as a depository for this purpose by the Monetary Board of the  
16 Bangko Sentral ng Pilipinas; *Provided*, finally, That such investments shall be  
17 subject to a ceiling to be fixed by the Committee in the implementing rules and  
18 regulations.

## 19 VII

### 20 Final Provisions

21 **SEC. 29. *Suppletory on Applicability of Republic Act No. 10149 and***  
22 ***Executive Order 323.*** In the interpretation of the provisions of this Act, the  
23 provisions of Republic Act No. 10149, otherwise known as the "GOCC Governance Act  
24 of 2011," and Executive Order 323, entitled "Constituting an Inter-Agency  
25 Privatization Council (PC) and Creating A Privatization and Management Office  
26 (PMO) Under The Department of Finance For The Continuing Privatization of  
27 Government Assets and Corporations," except for Sections 2 and 3 of Article IV of E.  
28 O. 323, shall apply suppletorily.

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

34  
35 **SEC. 31. *Congressional Oversight.*** The Congressional Oversight Committee  
36 on Agricultural and Fisheries Modernization (COCAFM) shall exercise oversight  
37 functions over the implementation of this Act.

38  
39 **SEC. 32. *Separability Clause.*** If any provision of this Act is declared invalid  
40 or unconstitutional, the other provisions not affected by such declaration shall  
41 remain in full force and effect.

1       **SEC. 33. Repealing Clause.** All laws, executive and administrative orders,  
2 rules and regulations inconsistent with this Act are hereby repealed or amended  
3 accordingly.

4  
5       **SEC. 34. Effectivity Clause.** This Act shall take effect fifteen (15) days after its  
6 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,