

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS

First Regular Session

House Bill No. **4089**



Introduced by HON. DELPHINE GAN LEE AND HON. ORESTES T. SALON

EXPLANATORY NOTE

More than forty years ago today, the coconut farmers, who even then have been classified as poor and marginalized, were imposed a levy. In exchange, they were issued receipts which were to be converted to shares of stock through Republic Act No. 6260, "An Act Instituting A Coconut Investment Fund And Creating A Coconut Investment Company For The Administration Thereof." The funds accumulated were then used for the establishment of the Coconut Investment Fund (CIF). The CIF, on paper, sought to be the medium in which its capital investment would be used as the catalyst for the development of the local coconut industry. Instead, the coconut farmers' funds were used to capture vital sectors of the coconut industry and to expand other interests, such as the acquisition of the United Coconut Planters Bank (UCPB), the establishment of several oil mills, and the acquisition of controlling interests in San Miguel Corporation (SMC). To date, most if not all of the objectives for the creation of these funds have yet to be realized.

Throughout the years, laws and issuances were enacted to ensure the collection of the coconut levy funds without fail such as; Republic Act No. 6260 which collected P0.55 on the first domestic sale for every 100kg of copra; August 20, 1973 where Presidential Decree 276 created the Coconut Consumers Stabilization Fund (CCSF) which imposed an additional P15 for every 100kg sale of copra; November 14, 1974 where the Coconut Industry Development Fund (CIDF) was established to finance the establishment, operation, and maintenance of hybrid coco seed farm and replanting program. The levy was then made permanent; and on October 2, 1981, Presidential Decree 1841 the Coconut Industry Stabilization Fund (CISF) revised the levies and imposed the amount of P50 for every 100kg of copra and later raised to P100 per 100kg of copra.

The coconut farmers, until this very day, are still struggling to make ends meet with most of the victims already reaching their twilight years. It is of utmost importance that the government finally fulfills its promise of giving the rightful beneficiaries their just due. This bill is meant to affect the return of the control of the coco levy funds by providing a mechanism for the protection of their rights and interest of the fund. Despite the fact that the coconut industry lies in deterioration, it is still an underutilized source of revenue for the country; as coconut remains one of our top agricultural exports, earning as much as \$1 billion annually.

This bill seeks to establish the Coconut Farmers Trust Fund and its management and utilization. In totality, it aims for the eradication of poverty, the growth of the coconut industry in a balanced, equitable and sustainable way which will not only benefit the coconut farmers themselves but also the entire nation.

The urgent passing of this bill is thus earnestly sought.



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House Bill No. **4089**

Introduced by Hon. Delphine Gan Lee and Hon. Orestes T. Salon

AN ACT
ESTABLISHING THE COCONUT FARMERS AND INDUSTRY TRUST FUND, PROVIDING
FOR THE MANAGEMENT AND UTILIZATION THEREOF, AND FOR OTHER PURPOSES

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

SECTION 1. Short Title. This Act shall be known as the "*Coconut Farmers and Industry Development Act of 2015.*"

SEC. 2. Declaration of Policy. It is hereby declared the policy of the State to consolidate the benefits due to coconut farmers, especially the poor and marginalized, under various statutes and to expedite the delivery thereof and eradicate poverty in order to attain a balanced, equitable, integrated and sustainable growth and development of the coconut industry.

I
Definition of Terms

SEC. 3. Definitions of Terms. The following terms shall mean:

- (a) "**CIIF**" shall refer to the Coconut Industry Investment Fund created by virtue of Presidential Decree 1468;
- (b) "**CIIF – Oil Mills Group**" shall refer to the six (6) CIIF companies, namely, Southern Luzon Coconut Oil Mills; Cagayan de Oro Oil Co. Inc.; Iligan Coconut Industries, Inc.; San Pablo Manufacturing Corp.; Granexport Manufacturing Corp.; and Legaspi Oil Co, Inc.;
- (c) "**CIIF Holding Companies**" shall refer to the fourteen (14) holding companies; namely: Anglo Ventures Corporation; ACS Investors, Inc.; Arc Investors, Inc.; AP Holdings, Inc.; Fernandez Holdings, Inc.; First Meridian Development, Inc.; Randy Allied Ventures, Inc.; Rock Steel Resources, Inc.; Roxas Shares, Inc.; San Miguel Officers Corp., Inc.; Soriano Shares, Inc.; Te Deum Resources, Inc.; Toda Holdings, Inc.; and Valhalla Properties Limited, Inc.;
- (d) "**CIIF SMC Block Shares**" shall refer to the 33,133,266 shares of stock in San Miguel Corporation (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”** shall 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 farmers”** shall refer to:

- i. Farmer-owner of a coconut farm, which is not more than five (5) hectares, who:
 - a. Tills the land (owner-cultivator), or
 - b. Does not till the land, but have control and supervision over the cultivation of a farm which is not more than five (5) hectares; and
- ii. A non-owner of the coconut farm who is either a:
 - a. Leaseholder or tenant who tills or supervises the cultivation of the farm; or
 - b. 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”** shall 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.

This shall include, but shall not be limited to the following:

- i. The shares in UCPB determined to be owned by the Government;
- ii. The CIIF – Oil Mills Group;
- iii. The CIIF Holding Companies; and
- iv. The Converted SMC Series 1 Preferred Shares.

(h) **“Coconut Levy Funds”** shall 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 resecada* 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 resecada* or its equivalent in other coconut products. This shall refer to any or all of the following:

- i. The Coconut Investment Fund created under Republic Act No. 6260;
- ii. The Coconut Consumers Stabilization Fund, later renamed as the Coconut Industry Stabilization Fund, created under Presidential Decree No. 276;
- iii. The Coconut Industry Development Fund created under Presidential Decree No. 582;
- iv. The Coconut Industry Investment Fund created under Presidential Decree No. 1468; and
- v. The Coconut Reserve Fund under Presidential Decree No. 1468 and Presidential Decree No. 1842.

- (i) **"Committee"** shall refer to the Coconut Farmers and Industry Trust Fund Committee created under Section 11 of this Act.
- (j) **"GCG"** shall refer to the Governance Commission on Government-Owned and Controlled Corporations created under Republic Act No. 10149.
- (k) **"Investment Guidelines"** shall refer to the investment management guidelines, rules, procedures, and policies to be formulated by the Committee, and as may be amended from time to time, which shall provide the parameters for investments of the Trust Income or any portion thereof, and shall include, among others, asset allocation, criteria for selection of fund managers, and required income from the fund, and other investment management threshold requirements.
- (l) **"PCA"** shall refer to the Philippine Coconut Authority, created under Presidential Decree 232 (S. 1973) as amended by Presidential Decree 1468 (S. 1978).
- (m) **"PCGG"** shall refer to the Presidential Commission on Good Government, created under Executive Order No. 1 (S. 1986).
- (n) **"Plan"** shall refer to the Coconut Farmers and Industry Development Plan, to be prepared under Section 20 of this Act.
- (o) **"PMO"** shall refer to the Privatization and Management Office organized under Article III of Executive Order No. 323 (S. 2001).
- (p) **"President"** shall refer to the President of the Republic of the Philippines.
- (q) **"Trust Fund"** shall refer to the Coconut Farmers and Industry Trust Fund declared under Section 6 of this Act.
- (r) **"Trust Income"** shall refer to the income, interest earning, and other monetary benefits, realized by and accruing to the Trust Fund or any portion thereof.
- (s) **"Trust Principal"** shall refer to:
 - i. The initial Trust Principal composed of dividends declared, paid, or issued on the Converted SMC Series 1 Preferred Shares, the proceeds from the redemption of the Converted SMC 1 Preferred Shares, and all income or interest derived therefrom as of the effectivity of this Act and any other cash Coconut Levy Asset deposited in the Bureau of the Treasury (BTr) and the United Coconut Planters Bank (UCPB) as administrator of the CIIF; any other cash Coconut Levy Asset including amounts deposited in UCPB as Administrator of the CIIF;
 - ii. Any and all proceeds of privatization of the Coconut Levy Assets remitted thereto by the Privatization and Management Office (PMO); and
 - iii. Proceeds of privatization of any or all properties or assets conveyed by any person, group or entity to the Committee, from time to time, as provided in Section 8 thereof.

II

Audit and Reconveyance of Coconut Levy Assets

SEC. 4. Audit and Inventory of Coconut Levy Assets. Upon the effectivity of this Act, the Presidential Commission on Good Government (PCGG) shall conduct a complete accounting and inventory of the Coconut Levy Assets as well as the investments,

disbursements and expenditures relating to the coconut levy fund and submit a certified report to the Bureau of the Treasury (BTr), the Commission on Audit (COA) and the Office of the President (OP).

The COA shall audit the inventory of Coconut Levy Assets prepared and submitted by the PCGG for the purpose of determining completeness of the said inventory, establishing the reasonableness of the asset valuation, tracing of the flow of the coconut levy fund, and other audit objectives necessary under the circumstances. The COA shall submit to the Committee its initial audit report within one hundred twenty (120) days upon completion of the audit. However, further audit may be undertaken after the initial audit, as necessary.

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

Nothing herein shall be constructed as preventing the PMO from procuring a third-party appraisal of any of the Coconut Levy Assets prior to or in the course of preparing the privatization or disposition plans for the said assets.

SEC. 5. Reconveyance of Coconut Levy Assets. Immediately upon the effectivity of this Act, the PCGG, the government representatives to the boards of sequestered/surrendered corporations, and any government agency or person having any Coconut Levy Asset in its administration, authority, custody or control, shall perform or cause the performance of the following:

- (1) Reconvey title to the Republic of the Philippines over the Coconut Levy Assets;
- (2) Deliver all stock certificates and other evidence of ownership to the Bureau of Treasury for safekeeping; and
- (3) Deposit all cash Coconut Levy Assets in the Trust Fund.

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

The COA shall conduct audit to determine compliance with pertinent laws, rules and regulations in reconveying the Coconut Levy Assets to the Republic of the Philippines.

III

Coconut Farmers and Industry Trust Fund

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

SEC. 7. Purpose of the Trust Fund. The Trust Fund shall be used exclusively for the ultimate benefit of coconut farmers and farm workers as embodied in the Coconut Farmers and Industry Development Plan.

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

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

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

- a) The Trust Principal shall be preserved and maintained at all times and only the Trust Income may be used: *Provided*, that an aggregate amount not exceeding five percent (5%) of the initial Trust Principal may be used during the first two year following the effectivity of this Act.
- b) Funds shall be disbursed only on the basis of the funding requirement of the program, activity or project.
- c) Funds may also be disbursed to pay for the expenses of the Committee for the administration, monitoring, evaluation, information services and other necessary activities for the effective performance of its functions under the Act; and
- d) No funds shall be utilized to pay for the salary of PMO personnel.

All fund releases approved by the Committee shall be released directly to the implementing agencies: *Provided*, that coconut productivity and developmental programs and projects shall be implemented by the PCA.

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

Funds shall be released directly to the implementing agencies upon the instruction of the Committee.

IV

Coconut Farmers and Industry Trust Fund Committee

SEC. 11. Creation of the Coconut Farmers and Industry Trust Fund Committee. The Coconut Farmers and Industry Trust Fund Committee, herein referred to as the Committee, is hereby created under the Office of the President.

The Committee shall have the following powers and functions:

- a) Coordinate and monitor the implementation of the Coconut Farmers and Industry Development Plan;

- b) Approve any allowable disbursement out of the trust Fund;
- c) Formulate the Investment Guidelines including the Prohibited investments;
- d) Appoint a fund manager, if necessary, to handle the investment of the Trust Principal;
- e) Identify the Coconut Levy Assets that will be privatized, retained or abolished and submit its recommendation to the President;
- f) Approve the marketing and disposition program for the Coconut Levy Assets approved for privatization;
- g) Authorize the sale and other mode of privatization of Coconut Levy Assets approved for privatization;
- h) Authorize the rehabilitation of Coconut Levy Assets approved for privatization pending actual disposition;
- i) Facilitate access by coconut farmers and their organizations from the most poverty afflicted areas of the country to the services, programs and benefits implemented pursuant to the Coconut farmer and Industry Development Plan. For purposes of this Act, those already accredited farmers organizations need not go through another accreditation process;
- j) Submit to the President reports and recommendations in connection with its function under this Act;
- k) Appoint, transfer, suspend or remove for cause, personnel of the Committee and fix their remuneration in accordance with the Salary Standardization Law; and
- l) Exercise such other incidental powers and functions as may be necessary to attain the objectives of this Act.

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

- a) Seven (7) representatives from the government, who shall be the Secretary of the Department of Agriculture (DA) as Chairman, who shall be the Department of Finance (DOF) as Vice-Chairman, Secretary of the Department of Interior and Local Government (DILG), Secretary of the Department of Trade and Industry (DTI), Secretary of the National Anti-Poverty Commission (NAPC), Director-General of the National Economic Development Authority (NEDA), and the Administrator of the Philippine Coconut Authority (PCA); and
- b) Six (6) representatives from the coconut farmers' organizations composed of two (2) representatives each from Luzon, Visayas and Mindanao which have considerable experience and reputable track record.

Within thirty (30) days following the effectivity of this Act, the PCA shall promulgate a selection process of nominees as representatives of the coconut farmers' organizations in the Committee. The nominees of the coconut farmers' organizations shall be validated and shortlisted by the Philippine Coconut Authority (PCA), in consultation with the National Anti-Poverty Commission (NAPC). The list of nominees shall be submitted to the President not later than sixty (60) days from the start of the selection process.

The Chair and the members of the Committee shall be appointed by the President. The term of the government representatives in the Committee is co-terminus with their respective terms in office while the rest of the members of the Committee shall each hold a term of one (1) year, unless sooner removed for cause. Any of such representatives shall continue to hold office until the successor is appointed. Any appointment to fill a vacancy in the Committee shall be only for the unexpired term.

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

SEC. 14. *Meetings of the Committee.* The Committee shall meet at least once a month, or as often as deemed necessary and expedient to discharge its responsibilities. The presence of at least a majority of the members of the Committee shall constitute a quorum, and the concurrence of a majority of the members present at a meeting at which a quorum exists shall be adequate for any decision by the Committee: *Provided, That*, where the matter involves the approval of (i) Any disbursement of funds involving more than Fifty Million Pesos (PhP 50,000,000.00); (ii) any proposed investment involving more than One Hundred Million Pesos (PhP 100,000,000.00) and (iii) any disposition or privatization proposal involving more than Five Hundred Million Pesos (PhP 500,000,000.00) the approval of at least a majority of the members of the Committee shall be required.

In any case of unavailability of the Chairman, the Chairman may designate the Vice-Chairman to convene the Committee and chair the meeting on behalf of the Chairman.

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

Where a member of the Committee receives any profit or benefit by virtue of the office, including, but not limited to, acquiring shares in corporations that form part of the Coconut Levy Assets, using the Coconut Levy Assets for one's benefits, receiving commission on contracts from the Coconut Levy Assets, or taking advantage of corporate opportunities involving the Coconut Levy Assets, all such profits or benefits shall be returned to the Trust Fund without prejudice to any administrative, civil or criminal action against such member. This provision shall be applicable notwithstanding the fact that such member of the Committee risked one's own funds in the venture.

SEC. 16. *Executive Director of the Committee.* The President, upon recommendation of the Committee, shall appoint an Executive Director who shall have the following powers and functions:

- a) Administer the plans and programs approved or promulgated by the Committee;
- b) Direct and supervise officials, employees, representatives and agents for the Committee;
- c) Prepare an annual report on the activities of the Committee at the close of each fiscal year and to submit a copy thereof to the President and Congress;
- d) Keep and maintain official records and reports of the proceedings of the Committee;
- e) Administer oaths in all matters falling within the jurisdiction of the Committee; and

- f) Exercise such other duties as may be vested by the Committee that are consisted with the provisions of this Act.

The PCA shall provide Secretariat support to the Committee.

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

SEC. 18. *Accounting and Auditing.* The Committee shall maintain records and accounts of all investment, income, receipts, disbursements and other transactions relating to the management, administration and disposition of the Trust Fund. These records and accounts shall be maintained in accordance with existing accounting and auditing laws, rules, and regulations. The Trust Fund shall be audited by the Commission on Audit.

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

V

Coconut Farmers and Industry Development Plan

SEC. 20. *Preparation of the Coconut Farmers and Industry Development Plan.* An ad hoc committee is hereby created to be composed of the heads of the Department of Agriculture (DA), Department of Agrarian Reform (DAR), Department of Trade and Industry (DTI), Department of Science and Technology (DOST), Department of Energy (DOE), Department of Public Works and Highways (DPWH), Department of the Interior and Local Government (DILG), National Anti-Poverty Commission (NAPC), National Economic Development Authority (NEDA), Philippine Coconut Authority (PCA), a representative from the farmers' group, with the Administrator of the PCA as Chairman.

The ad-hoc committee, in consultation with the coconut farmers and representatives of the coconut industry, shall indicate in an integrated coconut industry strategy map the policies for the development and rehabilitation of the coconut industry and shall prepare a five (5) year plan of program, 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.

In the formulation of the Plan, the ad hoc committee shall be guided by the following objectives:

- 1) Increased income of coconut farmers and increased coconut productivity including intercropping and livestock-raising;
- 2) Promoting coconut-based enterprises including integrated processing of coconut products and downstream products;
- 3) Coconut farmers organization and development; and
- 4) Social protection programs that directly benefit coconut farmers and farm workers, in case these social protection programs are not funded by an appropriations law or any other special law, or where funding is insufficient.

The Plan shall provide an indicate funding requirement or allocation for the implementation of any and all of the programs and projects to be funded by the Trust Income,

which funding or allocation shall be itemized or broken down on a project-to-project basis: *Provided, That*, (i) for projects which are recurring, or to be implemented on a regular basis, the allocation shall indicate the annual fund that may be required to implement said project; and (ii) for projects that are to be implemented or concluded within a period of time, the allocation shall indicate the total fund that may be required for the implementation of the whole project, itemized according to the phases or stages of said project.

Within sixty (60) days from the effectivity of this Act, the Plan shall be submitted to the President, through the Committee, for approval. Immediately upon the approval, the Plan shall be returned to the Committee for the disbursement of funds in accordance with the provisions of this Act. Any amendment to the Plan shall require the approval of the President.

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

VI

Privatization of the Coconut Levy Assets

SEC. 21. *Privatization of the Coconut Levy Assets.* The Committee shall determine the Coconut Levy Assets that should be privatized. For this purpose, the Committee shall be guided by the following standards:

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

The Committee shall submit its recommendation to the President for approval. The Committee shall also arrange for the transfer to the Privatization and Management Office (PMO) of the Coconut Levy Assets approved for privatization, unless the President, upon the recommendation of the Committee, designates another agency to preserve such Coconut Levy Assets pending privatization.

SEC. 22. *Additional Mandate of the Privatization and Management Office (PMO).* In addition to its power and functions under Executive Order No. 323 dated December 6, 2000, the PMO shall be the disposition entity for the Coco Levy Assets that have been approved for privatization.

In the charge of its mandate, the PMO is hereby authorized to:

- i. Formulate and implement the marketing and disposition program after securing prior approval of the Committee;

- ii. Take possession of and preserve such assets on behalf of the National Government;
- iii. Execute and deliver on behalf of the National government, deeds of sale, contracts, trust instruments, and other legally operative documents as may be necessary or appropriate to convey title to, possession of, and conserve, such assets;
- iv. Engage external expertise as may be necessary in the fulfillment of its tasks under this Act; and
- v. Adopt internal rules and regulations.

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

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

Prior to the implementation of any privatization plan, the PMO shall have the following powers:

- i. Require anyone or more of the subject corporations to adopt and implement cost-reduction measures to enhance the viability and therefore the disposability of such corporations, to potentials buyers, including measures requiring personnel retrenchment plans or other forms of corporate downsizing;
- ii. Direct anyone or all of the subject corporations to submit to the PMO, within fixed time-tables, such reports and information as the PMO may require in the exercise of its ownership, administrative and disposition over such corporations or their assets; and
- iii. Cause the subject corporations to undergo merger, consolidation, spin-off, or other corporate acts of reformatory nature as it may deem necessary or desirable to expedite the disposition and privatization under this Act.

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

Nothing herein shall be construed as authorizing the Committee or the PMO to rehabilitate or allow reinvestments of any and all Coconut levy Assets transferred to the National Government.

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

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

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

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

SEC. 27. Retention and Dissolution of Coconut Levy Assets. The Committee shall identify the Coconut Levy Assets that should be retained by the National Government and/or reorganized or abolished, guided by the same standards mentioned in Section 19 of this Act. The Committee shall submit its recommendation to the President for approval.

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

The GCG shall implement the dissolution of those Coconut Levy Assets that have been approved for abolition.

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

- a) Bonds, securities, promissory notes or other evidence of indebtedness of the Government of the Philippines, or in bonds, securities, promissory notes and other evidence of indebtedness to which full faith, credit and unconditional guarantee of the Republic of the Philippines is pledged;
- b) Bonds, securities, promissory notes or other evidence of indebtedness of government financial institutions or government corporations with acceptable credit or guarantee: *Provided*, that such investments shall be subject to a ceiling to be fixed by the Committee in the implementing rules and regulation; and
- c) Deposits and loans and/or investments in any domestic bank doing business in the Philippines and in good standing with the Bangko Sentral ng Pilipinas: *Provided*, That in case of such deposits, this shall not exceed at any time the unimpaired capital and surplus or total private deposits of the depository bank, whoever is smaller; *Provided*, further, that said bank shall first have been designated as a depository for this purposes by the Monetary Board of the Bangko Sentral ng Pilipinas; *Provided*, finally, That such investments shall be subject to a ceiling to be fixed by the Committee in the implementing rules and regulations.

VI Miscellaneous

SEC. 29. Applicability of Republic Act no. 10149 and Executive Order 323. In case of doubt in the interpretation of the provisions of this Act, the Provisions of Republic Act no. 10149, otherwise known as the "GOCC Governance Act of 2011," and Executive Order 323,

entitled "Constituting an Inter-Agency Privatization Council (PC) and Creating A Privatization and Management Office (PMO) Under The Department of Finance For The Continuing Privatization of Government Assets and Corporations," except Sections 2 and 3 of Article IV of E. O. 323, shall apply suppletorily.

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

SEC 31. *Congressional Oversight.* The Congressional Oversight Committee on Agricultural and Fisheries Modernization (COCAFAM) shall exercise oversight on the implementation of this Act.

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

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

SEC. 34. *Effectivity Clause.* This Act shall take effect fifteen (15) days after its complete publication in the *Official Gazette* or in two (2) newspapers of general circulation.

Approved,