

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 166



Introduced by: Hon. Angelina "Helen" D.L. Tan, M.D.

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

EXPLANATORY NOTE

This bill comes at a critical time for the Philippine coconut industry. Its enactment is not only urgent but important. It is urgent because our coconut farmers have long been clamoring to see the purpose by which the coconut levy was created, which is to benefit the coconut farmers and the industry as a whole. This has been long overdue. It is important because a law that will govern the utilization of the coconut levy fund is primordial in ensuring that the fund would only be utilized for the benefit of the coconut farmers.

As a representative from one of the top coconut producing provinces in the country, I am keenly aware of the letter and spirit which was clearly enunciated in the January 24, 2012 decision of the Supreme Court. That is, "the coconut levy funds are public funds" and that "coconut levies are treated as special funds by the very laws which created them." Accordingly, "These shares shall belong to the Government, **which shall be used only for the benefit of the coconut farmers and for the development of the coconut industry**" (emphasis supplied).

Along these lines, and in consideration of President Rodrigo Duterte's veto message on the coco levy bill last Congress, I am filing this measure which aims to consolidate all assets and benefits emanating from the coconut levy, and create the Coconut Farmers and Industry Development Trust Fund to enable the coconut farming sector to address the serious concerns that it has been confronted with for so long.

Under the bill, the Trust Fund will consist of the Trust Principal and the Trust Income to be maintained for a period of 30 years or until the fund is fully utilized. This version is unlike in the vetoed bill which provides for a perpetual trust fund. The Coconut Farmers and Industry Development Trust Fund Committee will also be created and placed under the Office of the President in consonance with the President's veto message which states that the bill lacked "vital safeguards to avoid the repetition of painful mistakes in the past."

Among the key features of the bill, to name a few, are the allocation of a P10 billion initial trust principal as "jumpstart fund" to accelerate the development of the industry; annual allocation of at least P5 billion to be released for the programs and projects for the benefit of coconut farmers and workers; creation of an *Ad Hoc* committee to prepare every five years a medium-term plan of programs, activities, and projects which will be funded out of the Trust Fund; conduct of complete accounting and inventory of all Coconut Levy Assets by the Presidential Commission on Good Government; audit by the Commission on Audit on the inventory of the Coconut Levy Assets prepared by the Presidential Commission on Good

Government; and the privatization of coconut levy assets which are unnecessary or inappropriate for the government to maintain.

It is unfortunate that most of the coconut farmers during the time the levies were exacted are already approaching their twilight years. Hence, it is high time that the coconut levy funds be utilized for the benefit of the coconut farmers and for the development of the coconut industry.

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


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4th District, Quezon

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

SECTION 1. *Short Title.* - This Act shall be known as the "Coconut Farmers and Industry Development Trust Fund Act."

SEC. 2. *Declaration of Policy.* - It is hereby declared the policy of the State to pursue and attain the balanced, equitable, integrated, and sustainable growth and development of the coconut industry. Towards this end, the state shall adopt the necessary measures to immediately address the serious problems besetting the coconut industry, protect the socio-economic well-being of coconut farmers, and ensure that the benefits due them, especially the poor and the marginalized, under various statutes shall be consolidated and their delivery expedited. Any measure or program undertaken in accordance to this Act shall be deemed complementary to and shall not be a replacement for existing and potential coconut development programs already conducted by other agencies.

Chapter I
Definition of Terms

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

(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 industry in all its aspects and the establishment of a research program into the commercial and industrial uses of coconut;

(b) CIIF Holding Companies refer to the fourteen (14) holding companies, namely: (1) Anglo Ventures Corporation; (2) ACS Investors, Incorporated; (3) Arc Investors, Incorporated; (4) AP Holdings, Incorporated; (5) Fernandez Holdings, Incorporated; (6) First Meridian Development, Incorporated; (7) Randy Allied Ventures, Incorporated; (8) Rock Steel Resources, Incorporated; (9) Roxas Shares, Incorporated; (10) San Miguel Officers Corporation, Incorporated; (11) Soriano Shares, Incorporated; (12) Te Deum Resources, Incorporated; (13) Toda Holdings, Incorporated; and (14) 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, (1) Southern Luzon Coconut Oil Mills; (2) Cagayan de Oro Oil Company, Incorporated; (3) Iligan Coconut Industries, Incorporated; (4) San Pablo Manufacturing Corporation; (5) Granexport Manufacturing Corporation; and (6) 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 who:

- (a) tills the land (owner-cultivator), or
- (b) does not till the land but has control and supervision over the cultivation of a farm; and

(2) 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
- (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;
- (4) the Converted SMC Series 1 Preferred Shares; and
- (5) Remaining CIIF SMC Block Shares or the proceeds of their sale.

(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 Trust Fund Committee created under Section 11 of this Act, and as may be amended from time to time, which shall provide the parameters for investments of the Trust Fund 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.

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

(k) Trust Principal refers to:

- (1) 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; or any other cash Coconut Levy Asset deposited in the Bureau of the Treasury (BTr) and the UCPB as administrator of the CIIF; any other cash Coconut Levy Asset including amounts deposited in UCPB as Administrator of the CIIF;
- (2) Any and all proceeds of privatization of the Coconut Levy Assets remitted thereto by the Privatization and Management Office (PMO), organized under Article III of Executive Order No. 323 (S.2001); and
- (3) 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 hereof.

Chapter 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 BTr, the Commission on Audit (COA) and the Office of the President (OP).

The COA shall audit the Report on the Accounting and Inventory of the Coconut Levy Assets prepared and submitted by the PCGG for the purpose of, among others, determining completeness of the inventory, the existence of the subject assets, establishing the reasonableness of the asset valuation, and tracing of the flow of the coconut levy fund.

The COA shall submit to the PCGG its initial audit report, the reviewed Report on the Accounting and Inventory of the Coconut assets, and the valuation as well as the empirical basis and methodologies employed for said valuation, together with its observations for revision and compliance, within ninety (90) days from submission of the Report on the Accounting and Inventory of the Coconut Levy Assets. However, if necessary, further audit may be undertaken after the initial audit.

The PCGG shall then incorporate the COA's observations for revision and compliance in the Report on the Accounting and Inventory of the Coconut Levy Assets and submit the

revised version to the COA within thirty (30) days, subject to reasonable time extension from the submission of the COA's observations for revision and compliance.

After determining that the observation for revision and compliance were incorporated in the revised Report on the Accounting and Inventory of the Coconut Levy Assets by the PCGG, the COA shall submit the final version of the Report on the Accounting and Inventory of the Coconut Levy Assets to the Committee, as well as the empirical basis and methodologies employed for the valuation.

The Committee shall publish the same within fifteen (15) days from its receipt of the final version of the Report on the Accounting and Inventory of the Coconut Levy Assets, in at least two (2) newspapers of national circulation.

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 in possession, custody, control or administering any Coconut Levy Asset shall perform or cause the performance of the following:

- (a) Reconveyance of the title of such asset to the Republic of the Philippines;
- (b) Delivery of all stock certificates and other evidence of ownership to the BTr for safekeeping; and
- (c) Deposit all cash assets in the Trust Fund: *Provided*, That the BTr shall transfer the remaining cash assets from the special account in the General Fund within a period of five (5) years in equal amounts each year.

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

The COA shall also conduct the regular financial and compliance audit of the Coconut Levy Assets and submit the annual audit report thereon as mandated by the government auditing rules and regulations, until said assets are privatized.

Chapter III

Coconut Farmers and Industry Development Trust Fund

SEC. 6. The Coconut Farmers and Industry Development Trust Fund. - There is hereby created a trust fund to be maintained for a period not to exceed thirty (30) years or until the fund is fully utilized to be known as the Coconut Farmers and Industry Development 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 be derived from the General Fund of the National Government: *Provided*, That any unutilized balance in the Trust Fund after thirty (30) years shall revert to the General Fund of the National Government and 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 for the development of the coconut industry, as embodied in the Coconut Farmers and Industry Development Plan to be prepared pursuant to Section 21 hereof.

SEC. 8. *Capitalization of the Trust Fund.* - All assets and/or properties derived from all coconut 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, earnings, 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 Trust Fund, the Principal thereof shall be augmented by grants, donations and other lawful transfers by public or private entities. At the end of the year, all unspent portion of the trust income for the year shall accrue to the Trust Principal.

SEC. 9. *Management and Utilization of the Trust Fund.* - 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, subject to the following conditions:

- (a) Ten Billion Pesos (PHP 10,000,000,000.00) of the initial trust principal, which shall be known as the Jumpstart Fund may be used within two (2) years commencing from the approval of the Plan by the President to jumpstart the development of the industry;
- (b) All disbursements shall only be made on the basis of the funding requirement of the program, activity, or project by the Committee as provided in the Coconut Farmers and Industry Development Plan: *Provided*, That an annual allocation of at least Five Billion Pesos shall be released for the programs and projects provided under this Act; and
- (c) The ceiling for expenses of the Committee for the administration, monitoring, evaluation, information services, and other necessary activities for the effective performance of its functions under this Act shall be provided in the Implementing Rules and Regulations under Section 26 of this Act.

All releases from the Trust Fund 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 Philippine Coconut Authority (PCA), created under Presidential Decree 232 (s.1973), as amended by Presidential Decree No. 1468 (s.1978). Other coconut productivity and developmental programs and projects implemented by other agencies shall be closely coordinated with the PCA.

Disbursements or expenditures by the concerned implementing agencies in violation of the purpose of the Trust Fund shall be void and shall subject the erring officials and employees to disciplinary actions in accordance with existing laws and to appropriate criminal action under existing penal laws. Disbursements of the funds should be done in accordance with the Government Accounting Manual and all other related laws, rules, and regulations.

SEC. 10. *Designation of the Bureau of the Treasury as Depository of the Trust Fund.* - Any law to the contrary notwithstanding, the BTr is hereby designated as the depository of the Trust Fund, which shall:

- (a) Hold and account the Trust Fund in the manner set forth by the Committee;
- (b) Release funds directly to the implementing agencies upon the instruction of the Committee;

(c) When so appointed by the Committee, act as a fund manager of the investments of the Trust Fund with the authority and accountability as that of a private fund manager; and

(d) Perform other tasks as may be authorized by the Committee.

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

Chapter IV **Coconut Farmers and Industry Development Trust Fund Committee**

SEC. 11. *Creation of the Coconut Farmers and Industry Development Trust Fund Committee.* - The Coconut Farmers and Industry Development Trust Fund 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 pursuant to Section 14 of this Act;
- (c) Formulate the Investment Guidelines pursuant to the allowable investment stated in Section 28 of this Act;
- (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 for approval;
- (f) Approve the marketing and disposition program for the Coconut Levy Assets approved for privatization;
- (g) After obtaining the approval of the President, 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) Submit reports and recommendations to the President in connection with its functions under this act; and
- (l) Exercise such other incidental powers and functions as may be necessary to attain the objectives of this Act.

The PCA shall provide Secretariat support to the Committee.

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

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

- (1) Secretary of the Department of Agriculture (DA) as Chairperson;
- (2) Secretary of the Department of Finance (DOF) as Vice-Chairperson;
- (3) Secretary of the Department of Trade and Industry (DTI);
- (4) Secretary of the National Economic Development Authority (NEDA);
- (5) Administrator of the PCA; and
- (6) A representative from the Office of the executive Secretary.

- (b) Three (3) representatives from the coconut farmers' organizations, one (1) from Luzon, one (1) from Visayas, and one (1) from Mindanao, who have considerable experience, substantial membership, and reputable track records.
- (c) Two (2) representatives from the coconut industry sector who have considerable experience and reputable track record.

The nominees of the coconut farmers' organizations shall be validated and shortlisted by the PCA. The list of nominees, which shall number at least three (3) per island group, shall be submitted to the President not later than thirty (30) days following the effectivity of this Act. The representatives of the coconut industry sector shall be appointed by the President from a list of nominees, which shall number at least six (6), submitted by the PCA.

The government representatives in the Committee shall serve only during their respective terms in office. The representatives from the coconut farmers' organizations and the coconut industry sector shall each hold a term of three (3) years, unless sooner removed for cause, and may be reappointed once. Any of the representatives shall continue to hold office until the successor is appointed: *Provided, That*, 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 present at a meeting at which a quorum exists shall be adequate for any decision by the Committee: *Provided, That*, the approval of at least a majority of the members of the Committee shall be required on matters involving the following:

- (a) Any single disbursement of funds involving more than Fifty million pesos (PhP50,000,000.00);
- (b) Any proposed investment involving more than One hundred million pesos (PhP100,000,000.00); and
- (c) Any disposition or privatization proposals.

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

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

SEC. 16. *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 any interest they may have in any particular matter.

Where a member of the Committee receives any profit or benefit by virtue of his office, including acquiring shares in corporations that form part of the Coconut Levy Assets, using the Coconut Levy Assets for one's benefit, 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 used one's own funds in the venture.

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

SEC. 17. *Executive Director of the Committee.* - The administrator of the PCA shall be appointed as Executive Director of the Committee.

The Executive Director shall have the following powers and functions:

- (a) Execute policies and administer the programs approved or promulgated by the Committee;
- (b) Monitor the progress of the implementation of the Plan and submit periodic reports to 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 consistent with the provisions of this Act.

SEC. 18. *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 (GOCCs) for any assistance it may need in the discharge of its functions and responsibilities as well as in the implementation of its programs and projects.

SEC. 19. *Accounting and Auditing.* - The Committee shall maintain records and accounts of all investments, 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 COA.

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 technical officials from the Department of Agriculture, the Department of Agrarian Reform, the Department of Interior and Local Government, the Department of Finance, the Department of Public Works and Highways, the Department of Science and Technology, the Department of Social Welfare and Development, the Department of Health, the Department of Trade and Industry, the Department of Budget and Management, the National Economic Development Authority, the National Anti-Poverty Commission, the Technical Education and Skills Development Authority, the Land Bank of the Philippines, and the Development Bank of the Philippines.

In addition, twelve (12) representatives from the coconut farmers organizations composed of four (4) from Luzon, four (4) from Visayas, four (4) from Mindanao, and four (4)

representatives from the different coconut industry sectors who all have considerable experience, substantial membership and reputable track records, shall also be members of the *Ad Hoc* Committee.

The nomination process of the representatives from the coconut farmers organization and the different coconut industry sectors shall be the same as that in Chapter IV, Section 12 of this Act: *Provided, That*, the list of nominees from the coconut farmers' organizations shall number at least twelve (12) per island group: *Provided, also*, that eight (8) of the twelve (12) representatives from the Coconut Farmers' Organizations must not have more than five (5) hectares of coconut farm landholding: *Provided Further, That*, the list of nominees from the coconut industry sector shall number at least twelve (12).

The Administrator of the PCA shall act as the *Ad Hoc* Committee's Chairperson.

The members of the *Ad Hoc* Committee shall be compensated in the manner as that of the Committee under Chapter IV, Section 15 of this Act.

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 the policies for the development and rehabilitation of the coconut industry. It shall prepare every five (5) years, or as determined by the Committee, 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, hereinafter referred to as the Plan. The Plan shall be consistent with the Philippine Development Plan and shall be subject to mandatory review every year.

The Administrator of the PCA shall submit an annual report to the Committee on the status of the implementation of the Plan and its corresponding programs/projects.

The PCA shall commission an independent study on the third year, or any other date as may be determined by the Committee, to assess the impact of the programs and projects in the Plan. The results of the independent study shall be one of the bases to update the Plan. The conduct of the study shall be chargeable to the regular funds of the PCA.

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 coconut productivity including intercropping and livestock-raising;
- b) Establishment of coconut-based enterprises including integrated processing of coconut products and downstream products;
- c) Rehabilitation and modernization of the coconut industry towards global competitiveness;
- d) Provision of timely and critical support to coconut farmers organization; and
- e) establishment of social protection programs that directly benefit the coconut farmers and farm workers, in case these social protection programs are not funded by an appropriation law or any other special laws, or where funding is insufficient. The social protection programs shall include: (1) social services such as life, medical, and accident insurance coverage of the coconut farmers and farm workers; (2) scholarships for the benefit of the deserving descendants of the coconut farmers and farm workers; and (3) livelihood programs.

The Plan shall provide an indicative funding requirement or allocation for the

implementation of any and all of the programs and projects, which funding and allocation shall be itemized or broken down on a project-to-project basis: *Provided, That* (a) for projects which are recurring, or to be implemented on a regular basis, the allocation shall indicate the annual fund that may be required for the implementation of the whole project, itemized according to the phases or stages of the project. The Plan shall also include the contribution of the regular budget of the PCA.

Within ninety (90) days from the appointment of all farmer-representatives and the industry representatives, the Plan shall be submitted by the Ad Hoc Committee to the Committee which shall, in turn, submit the Plan to the President, as endorsed by the Economic Development Cluster, for approval. Immediately upon its 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, as endorsed by the Economic Development Cluster.

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.

Chapter VI

Privatization of the Coconut Levy Assets

SEC. 22. *Privatization of the Coconut Levy Assets.* – Pursuant to the national policy on the efficient and transparent privatization of government assets (including GOCCs) which are unnecessary or inappropriate for the government sector to maintain:

(a) The Governance Commission for Government-Owned or Controlled Corporations shall determine whether it is to the best interest of the Government to privatize any non-cash Coco Levy Asset and recommend to the President the privatization and the mode of the divestment, taking into account the need to generate maximum cash recovery and the implications of such divestment on the coconut industry.

(b) The PMO shall be the disposition entity for non-cash Coconut Levy Assets which shall have been approved for divestment by the President and shall expeditiously sell, alienate, or dispose of the same upon securing the favorable recommendation of the Privatization Council pursuant to EO No. 323 (s. 2000) and other relevant laws, orders, rules, and regulations, and the prior approval of the Committee. In the discharge of this additional mandate, the PMO is hereby empowered to implement the actual marketing/disposition program for the non-cash Coconut Levy assets, to execute and deliver, on behalf of the Government, the deeds of sale, contracts, and other instruments as may be necessary or appropriate to convey title to such assets to take possession of and conserve the non-cash Coco Levy Assets transferred to it., and engage external expertise as may be necessary in the fulfillment of its tasks under this Act. Any sale and other mode of privatization shall not be considered final unless favorably recommended by the Privatization Council and approved by the Committee.

(c) The PMO shall, within three (3) months from the closure of its books at the end of each fiscal year, submit a comprehensive annual report to the President, through the Privatization Council, on the status of its privatization efforts and its disposition program for the non-cash Coco Levy assets, which report shall include a description of the assets privatized and dispensed of, the purchasers, the consideration received, and the agreed terms of payment.

SEC. 23. *Proceeds from Privatization.* – All proceeds and receipts or revenues arising out of or in connection with the privatization of the Coconut Levy Assets shall be deposited to the Trust Fund, after deducting reasonable expenses actually, directly, and exclusively incurred by the PMO in connection with such privatization as stated under Section 22 hereof.

SEC. 24. *Allowable Investments.* - The Committee shall manage the trust Principal with the skill, care, prudence, and diligence necessary under the circumstances that a prudent person acting in like capacity and familiar with such matters would exercise in the conduct of an enterprise of a like character 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 investment/s shall be subject to a ceiling to be fixed by the Committee in the implementing rules and regulations; 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, these shall not exceed, at any time, the unimpaired capital and surplus or total private deposits of the depository bank, whichever is smaller: *Provided Further, That* the bank shall have been first designated as a depository for this purpose 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.

Chapter VII

Final Provisions

SEC. 25. *Suppletory Application of Republic Act No. 10149 and Executive Order No. 323.* - 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," shall apply suppletorily. Executive Order 323, entitled "Constituting an Inter-Agency Privatization Council and Creating A Privatization and Management Office under The Department of Finance for The Continuing Privatization of Government Assets and Corporations," shall also apply suppletorily.

SEC. 26. *Implementing Rules and Regulations.* - Within thirty (30) days from the date of the constitution of the Committee, it shall formulate and promulgate the rules and regulations for the proper implementation of this Act, in consultation with the PMO.

SEC. 27. *Congressional Oversight.* - The Congressional Oversight Committee on Agricultural and Fisheries Modernization (COCAFAM) shall exercise oversight functions over the implementation of this Act. The financial review of the program in relation to its performance indicators shall be subject to the oversight functions of the Joint Congressional Oversight Committee on Public Expenditures.

SEC. 28. *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. 29. *Repealing Clause.* - All laws, executive and administrative orders, rules and regulations inconsistent with this Act are hereby repealed or amended accordingly.

SEC. 30. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,