



Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City, Metro Manila

Seventeenth Congress  
First Regular Session

HOUSE BILL NO. **3537**

HOUSE OF REPRESENTATIVES	
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**Introduced by Representative Sharon S. Garin**

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#### **EXPLANATORY NOTE**

Although the government and stakeholders are united in their cause to save the coconut industry, a divergence in action leads to cosmetic and fragmented solutions. A salient way of bringing about fundamental and comprehensive change is restructuring the policy and institutional framework, strengthening the very scaffolding on which the industry operates. And the core of such an initiative is legislating a Coconut Industry Development Act which will provide the overall strategic guidance to the industry and the Philippine Coconut Authority (PCA).

The coconut industry is one of the biggest agricultural industries in the country. It covers the 3.562 million hectares or 26% of total agricultural land in the country. An average of 15.2 billion or coconuts is produced in a year. Carrying over 24 million direct and indirect stakeholders in over 69 provinces in the country, there is a genuine need for a strong and robust policy and institutional foundations to support and guide the multitude of activities, operations, and interactions with the industry.

Governmental issues, regulatory challenges, national and international economic realities, and scientific reliability are but a few of the pressing concerns that need to be addressed by the institution at the helm of the industry. But corollary to the responsibilities that the institution need to fulfill are capacitating powers to effect change. In this, the PCA's charter is undeniably deficient.

Presidential Decree 232 which created the Philippine Coconut Authority was enacted back in 1973. Subsequent legislations also touched on the PCA charter, the last being Presidential Decree 1468 in 1978. The existing law, thus, reflects the realities of around 35 years ago. As such, the meat of the provisions of PD 1468 was mere monitoring. But the situation of the coconut industry and the conditions of the farmers then are vastly different from today. What we need now are corporate powers, regulatory powers, and a strong research and development strategy, among others.

As a result of the outdated charter, the Philippine Coconut Authority carries its enormous tasks on feeble arms. It is mandated to serve as platform in addressing the gaps that continue to erode the positioning of the Philippine coconut industry in the global arena but its limited and

obsolete powers restrict their policy actions in bringing into being the necessary transformations both at the policy and operational levels.

This measure, thus, aims to revitalize the coconut industry primarily by equipping the PCA with solid and multifaceted mandate, which focuses on developmental, governmental, regulatory, research and development, and corporate powers and functions. Furthermore, acknowledging the importance of the key stakeholders – the coconut farmers, the measure provides extension services and marketing assistance to boost their yield and expand their income. It also provides intermediation and arranging services for investment, financing, and trade, among others. The bill also presents measures on rehabilitation and fertilization of coconut trees.

A highlight of the bill is the removal of corporate restriction of PCA to make it a profitable, sustainable, and development-oriented agency. Right now, PCA only has a subsidy of around P939.750 million, equivalent to a mere 1.86% of the total allocation of the Department of Agriculture for FY 2013. Despite its best effort to implement programs and projects for the industry, PCA can only do so much with its meager budget.

The bill also includes for potent provisions on research and development to cultivate a culture of scientific excellence and professionalism in its agricultural and industrial research and establish credence to the initiatives, findings, and innovations of PCA. The expanded powers also allow for the development and propagation of new discoveries and technologies which we can capitalize on. This would also allow us to make the most out of evolving opportunities especially with the underdeveloped niches of the industry.

Another key feature of the bill is the inclusion of palm-based products and by-products, particularly palm oil, seeing the need to provide policy direction and support to the industry. Although it is acknowledged that oil palm and other palm trees and its products/by-products are under the PCA's supervision, it is not explicitly stated and detailed in the existing PCA charter, inadvertently putting it on the sidelines of policy making.

The reorganization of PCA also allows for more representation from the farmers, processors, traders, researches, scientists and academe comprising seven board seats out of the 11 board seats. Moreover, since coconut is a long-gestating crop, it is also prudent to fix the term of the administrator of PCA to ensure the full implementation of the policies and programs of the agency. Hence, this measure fixes the term of the administrator to six years.

A competitive market and a plethora of socio-economic issues affecting the coconut industry call for lasting, substantial, and comprehensive action. The band aid approaches have done more damage than good the past decades, and as changes in the industry and the environment in which it operates are becoming even more competitive and dynamic, it is high time that we respond judiciously and assiduously.

In view of the foregoing, the passage of this measure is fervently sought.



ATTY. SHARON S. GARIN  
AAMBIS-Owa Party-list



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**AN ACT**  
**REVITALIZING THE COCONUT INDUSTRY, APPROPRIATING FUNDS**  
**THEREFOR AND FOR OTHER PURPOSES**

**ARTICLE I**  
**GENERAL PROVISIONS**

1 SECTION 1. **Short Title.** – This Act shall be known as “*The Coconut Industry Development*  
2 *Act of 2016.*”  
3

4 SECTION 2. **Statement of Policy.** – It is the policy of the State to recognize the essential  
5 role of coconut as a strategic, indigenous, replenishable and renewable source of  
6 livelihood for a great number of people. Towards this end, the State shall promote the  
7 rapid, steady and continuous integrated development and growth of the coconut  
8 industry in all its aspects and ensure that the coconut farmers, farm workers,  
9 processors, lessees and tillers, and their families, shall become direct participants in,  
10 and beneficiaries of, such development and growth thereby increasing their income and  
11 uplifting their quality of life.

12 As used in this Act, “coconut” shall encompass coconut trees and oil palm trees,  
13 and coconut and oil palm-based products and by-products.  
14

15 SECTION 3. **Goals and Objectives.** – Pursuant to the above-mentioned policy, the effort  
16 of government shall be directed towards the following goals and objectives:  
17

- 18 a) Promote the steady, accelerated, and orderly development of the coconut  
19 industry consistent with the agrarian reform policy of the government;  
20  
21 b) Develop and establish the coconut farming systems including but not limited to  
22 the establishment of model coconut farms;

- 1  
2 c) Hasten and advance industrialization in the coconut industry and the  
3 diversification and proper utilization of coconut products and by-products, and  
4 oil palm products and by-products;  
5  
6 d) Promote the effective utilization and marketing of coconut products and by-  
7 products and oil palm products and by-products in the domestic and foreign  
8 markets and preserve the competitiveness and reliability of the country as a  
9 major producer and supplier of said products, by establishing national  
10 standards acceptable in the international market;  
11  
12 e) To increase production by expanding the planting and replanting program of  
13 coconut trees in strategic areas identified as having the most potential and the  
14 rehabilitation and fertilization of existing coconut trees;  
15  
16 f) Conduct scientific researches and investigations in all areas pertaining to  
17 agricultural, industrial, marketing and socio-economic aspect of the coconut  
18 industry and encourage the participation of small farm holders in research and  
19 technology;  
20  
21 g) Encourage and promote the organization of coconut farmers cooperatives,  
22 associations, and organizations and provide them credit and financing  
23 schemes;  
24  
25 h) Generate and disseminate information and communication to farmers,  
26 producers and other sectors to ensure the appreciation and adoption of  
27 appropriate technology and practices, inventions, as well as the proper  
28 awareness and correct understanding of issues and development in the  
29 coconut industry; and  
30  
31 i) Coordinate and integrate all efforts of various agencies of government and  
32 provide general direction for the steady and orderly development of the  
33 industry.

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**ARTICLE II**  
**POWERS AND FUNCTIONS OF THE**  
**PHILIPPINE COCONUT INDUSTRY DEVELOPMENT AUTHORITY**

SECTION 4. *Philippine Coconut Industry Development Authority.* – To implement the policy and objectives of this Act, there is hereby created and established a non-stock, government corporate entity known as the Philippine Coconut Industry Development Authority (PHILCIDA), hereinafter referred to as the Authority.

SECTION 5. *Powers and Functions.* – The Authority shall exercise the following core powers and functions:

1  
2 a) *Developmental Power and Function*

- 3 1) Formulate and adopt a general program of development geared towards  
4 increased farm productivity, through planting or replanting of suitable  
5 seedling varieties, rehabilitation and fertilization of coconut, integrated  
6 coconut-based farming systems and product processing, and whenever  
7 necessary, the construction of related support and infrastructure facilities.  
8 For this purpose, the Authority shall adopt a special program to maximize  
9 the yield of small coconut farmers and their farm families particularly those  
10 farms covered by the agrarian reform program of the government;

11  
12 b) *Research and Development Powers and Functions*

- 13 1) Undertake scientific researches and investigations on crop and varietal  
14 improvement, pests and diseases, agronomy and mineral nutrition, coconut  
15 wood utilization, virology and biochemistry and epidemiology of *cadang-*  
16 *cadang*, and such other similar studies on varietal and crop improvement of  
17 general or local suitability;
- 18 2) Undertake scientific researches and investigations on food, non-food  
19 products and by-products including bio-diesel, directly or in collaboration  
20 with other public agencies or the private sector;
- 21 3) Conduct intensive studies and data research, establish and maintain a  
22 database of primary, accurate and reliable information on coconut culture,  
23 production, pricing capacity, marketing, inventories as well as scientific  
24 thesis and treaties in coordination with other government offices, the  
25 private sector and international agencies and bodies;
- 26 4) Establish, maintain and operate such number of research centers and  
27 experiment stations, including laboratories, seed gardens, nurseries, pilot  
28 farms and industrial facilities as may be necessary to undertake extensive  
29 research in coconut pests and diseases, improvement of copra,  
30 manufacture of coconut products and by-products or oil palm products and  
31 by-products, and the greater utilization of the coconut for traditional and  
32 non-traditional uses;
- 33 5) Construct, invest, establish and operate integrated coconut centrals,  
34 processing plants and integrated processing mills and other support  
35 facilities in aid of its research and development function;
- 36 6) Secure or obtain registration of intellectual property rights on any  
37 discoveries, new process, or utilization involving coconut products and by-  
38 products or oil palm products and by-products resulting from its research  
39 and studies;
- 40 7) Develop, package, utilize, promote, and transfer viable techniques and  
41 technologies: *Provided, however,* That an appropriate royalty or  
42 technological transfer fee shall be imposed, the amount of which shall be  
43 determined by the PHILCIDA Board of Directors;
- 44 8) Purchase or fabricate such machineries, material, equipment and supplies  
45 as may be necessary to execute successfully such researches, investigations  
46 and experimental work as provided under this Act on its own or in  
47 partnership with other agencies.

48  
49 c) *Regulatory Powers and Functions*



- 1) Regulate the marketing and the exportation of coconut products and by-products and oil palm products and by-products to conform with quality or food standards recognized by both the domestic and international market;
- 2) Take samples and conduct examination of any copra, coconut products and by-products and oil palm products and by-products that are subject to domestic and international standards; to conduct laboratory analysis to determine the chemical characteristics of moisture content, contaminants, including the presence of toxin and other contaminants and issue the necessary commodity clearance and export permit: *Provided, That the Authority may withhold the issuance of such clearance or permit, or suspend or cancel any clearance or permit already issued in case of violation by the holder of any provision of this Act or rules and regulations duly promulgated by the Authority;*
- 3) Develop and recommend for the adoption of the Bureau of Plant Industry and other concerned government agencies measures and methodology quarantine for coconut products and by-products and oil palm products and by-products; to impose such restrictions in the transport movement or handling of the same in accordance with such standards and quarantine procedure determined by the Authority;
- 4) Order the closure of any mill, refinery, processing firm, copra warehouse or any place or building where coconut products and by-products or oil palm products and by-products are stored or to intercept any vehicle or ship or vessel carrying or transporting coconut products and by-products or oil palm products and by-products, and seize the contents thereof, where there is reasonable ground to believe that the owner, possessor or person or persons in control of such place, building, vehicles, ship or vessel, of such products have violated the provisions of this Act or any rules and regulations promulgated thereto in a manner that is prejudicial and detrimental to the coconut industry, or the consuming public;

d) *Corporate Powers and Functions*

- 1) Create subsidiaries or enter into partnerships or joint ventures with any public or private foreign or local entity, natural or juridical, and acquire, own or hold shares of stock or interest therein for the purpose of fully utilizing the commercial value of pioneer and new technology generated in the industry, or of financing the manufacture, on commercial scale of coconut products and by-products or oil palm products and by-products: *Provided, That such subsidiary, partnership, joint venture, which the Authority is authorized to create, shall be governed by the provisions of general laws applicable to corporations and such entities: Provided, further, That after such partnership, subsidiary, or joint venture with private Filipino citizens or entities authorized to be created shall have become fully viable for commercial operation, and the Authority has recovered its investments or contributions, the Authority shall immediately divest itself of its interest over the partnership, subsidiary, or joint venture in favor or any private person or entity. For purposes of this paragraph, the Authority shall make studies and investigations of the enterprises and projects for which the loans, contributions and*

- 1 subscriptions to the capital of the enterprise or investments mentioned  
2 are needed, and determine the advisability of financing the same;
- 3 2) Lease real estate, lands and interest in lands owned and acquired by the  
4 Authority including buildings or other structures with their  
5 appurtenances in pursuance of any partnership or joint venture to  
6 implement its technology or developmental projects and programs;
- 7 3) Borrow, raise or obtain funds; to issue bonds and other instruments of  
8 indebtedness; or to enter into any financial or credit arrangement from  
9 any financial or lending institutions, local or foreign, in order to support  
10 or carry out its objectives and purposes, subject to pertinent laws  
11 governing public debts and expenditures; and when necessary, subject to  
12 the approval of the President;
- 13 4) Receive grants, subsidies, donations or contributions from corporations,  
14 trusts, foundations, associations and other sources from any private or  
15 government office, agency or corporation, local or foreign;
- 16 5) Purchase, own, lease, hold, or otherwise acquire real estate, lands and  
17 interest in lands and to own, hold, improve, develop, and manage any  
18 real estate so acquired and to erect, rebuild, enlarge, alter or improve  
19 buildings or other structures with their appurtenances on any lands so  
20 owned or occupied;
- 21 6) Purchase, own, lease, hold, or otherwise acquire such machineries,  
22 equipment, tools, materials, supplies, or other parts as may be  
23 necessary, convenient or appropriate for any of the purposes for which  
24 the Authority is formed;
- 25 7) Invest and deal with the funds of the Authority in stocks, bonds and  
26 other secured collaterals with skill, care, prudence and diligence, in order  
27 not to make such funds idle and unproductive pending their full  
28 utilization for the principal objects and purposes for which the Authority  
29 has been organized: *Provided, however,* That such investment or  
30 investments shall be subject to the approval of the President.

31  
32 e) *Extension Services and Market Development Powers and Functions*

- 33 1) Render training, extension service programs and disseminate  
34 information to coconut farmers, farm workers and processors relative to  
35 production technology, marketing systems, entrepreneurial and other  
36 technical skills and values, attitude formation and socio-economic  
37 development strategies;
- 38 2) Promote, encourage and assist coconut [planters,] farmers, processors  
39 and workers organize themselves into associations and cooperatives,  
40 equip them with greater capability of marketing their products, and  
41 assist them obtain more credit facilities; to register and accredit such  
42 associations and cooperatives for purposes of participation in the  
43 developmental programs of the Authority: *Provided,* That the Authority  
44 shall not directly or indirectly influence the farmers in the exercise of  
45 their choice or selection of candidates or leaders in the organizations;
- 46 3) Provide, in coordination with the private sector, a system of  
47 accreditation of association of traders, millers, desiccators, farmers,  
48 exporters and end-users of coconut products and by-products and oil  
49 palm products and by-products;

- 1 4) Undertake or participate in trade missions to obtain better preferential  
2 trading arrangements with importing countries, and enter or otherwise  
3 participate in behalf of the coconut trading industry in all agreements,  
4 arrangements, missions or conventions with any foreign government or  
5 entity with respect to trading relations, market quotas, tariff and non-  
6 tariff barriers and such other matters affecting the export of coconut  
7 products and by-products, and oil palm products and by-products;
- 8 5) Assist coconut farmers, organizations in marketing their products locally  
9 or abroad when the need arises;
- 10 6) Assist coconut farmers organizations in establishing farmer owned  
11 bonded warehouses and processing facilities;
- 12 7) Develop credit assistance programs and funding mechanisms for  
13 coconut [planters,] farmers, processors, workers, and organizations;
- 14 8) Engage in the business of manufacture and merchandise of coconut  
15 consumer products and by-products and distribute the same in the local  
16 market to avert the short supply of such products for the interest of the  
17 consumers;
- 18 9) promote the expansion and development of the domestic and foreign  
19 market for coconut products and by-products and oil palm products and  
20 by-products.

21  
22 f) *Governmental Powers and Functions*

- 23 1) Impose and collect all fees, charges, assessments and imposts including  
24 interests and surcharges authorized under this Act or its implementing  
25 rules and regulations and disburse funds generated by the Authority  
26 from its operations to carry out its functions;
- 27 2) Require exporters, traders, millers, refiners, desiccators, oleo-chemical  
28 processor, other manufacturers and end-users of coconut products and  
29 by-products, and oil palm products and by-products to submit periodic  
30 reports of production, receipts of deliveries or purchases or both, sales,  
31 inventory, contracts and such other data the Authority may deem  
32 necessary to properly and effectively promote the development of the  
33 industry;
- 34 3) Promulgate its own rules for investigation and procedure to investigate  
35 complaints involving violations of this Act or any rules and regulations  
36 issued pursuant thereto, or any such other laws, rules and orders  
37 affecting the coconut industry; attribute or settle conflicting claims or  
38 render the appropriate decision or award including the imposition and  
39 administrative penalty of cancellation, revocation and suspension of  
40 license, registration, permit or clearance issued in accordance with this  
41 Act;
- 42 4) Call upon or deputize any official or law enforcement agency of the  
43 government as may be necessary to assist the Authority in carrying out  
44 and enforcing its functions under this Act;
- 45 5) Issue *subpoena* or *subpoena duces tecum* and/or *subpoena ad*  
46 *testificandum* to summon witnesses to appear in any investigation or  
47 hearing conducted by it;



- 1 6) Enter into, make, conclude, perform, and carry out contracts of every  
2 kind and nature and for any lawful purpose which are necessary, proper  
3 or incidental to any business or purpose of the Authority; and  
4 7) Adopt, alter and use a corporate seal; to sue and be sued; and otherwise  
5 to do and perform all acts or exercise all powers and functions necessary  
6 or incidental to attain the national policy and objectives under this Act.  
7

### 8 ARTICLE III

#### 9 BOARD OF DIRECTORS AND OTHER PERSONNEL

10  
11 SECTION 6. **Board of Directors.** – The corporate powers and duties of the Authority shall  
12 be vested and exercised by a Board of Directors, hereinafter referred to as the Board,  
13 composed of seven members to be appointed by the President, three of whom shall  
14 represent the coconut farmer sector, one (1) from the trading and processing sector,  
15 one (1) from the science and research sector, and two (2) from the government sector.  
16 The Chairman shall be designated by the President from among the members  
17 appointed. in his absence, the chairman may designate any member of the board to  
18 preside during the meeting.  
19

20 SECTION 7. **Tenure.** – The members of the Board shall hold office for a term of six (6)  
21 years or until their successors shall have been appointed and qualified or unless sooner  
22 removed for cause. Appointment to vacant positions shall only be for the unexpired  
23 term of the predecessor.  
24

25 SECTION 8. **Powers and Functions.** – The Board shall exercise the following powers and  
26 functions:  
27

- 28 a) Formulate and adopt a national government plan for the coconut industry and  
29 promulgate the necessary rules and regulations, policies and measures in  
30 support of the plan;  
31  
32 b) Prescribe the organization of the Authority and fix the compensation and  
33 allowances of all its personnel in accordance with law;  
34  
35 c) Reorganize the Authority when there is a need to institute reforms in the  
36 organizational structure to effect economy and promote efficiency. For this  
37 purpose, the Board may group, coordinate, consolidate or integrate positions  
38 and create, reclassify, split and abolish positions;  
39  
40 d) Adopt, promulgate or amend, revise, modify or repeal rules and regulations  
41 necessary to implement the provisions of this Act;  
42  
43 e) Appoint the Administrator and deputy administrators and other officers upon  
44 the recommendation of the Chairman and Chief Executive Officer;  
45  
46 f) Approve the annual budget and such supplemental budgets of the Authority;  
47  
48 g) Review, revise, modify, increase or decrease the fees and assessment  
49 authorized to be collected in this Act as current industry condition may warrant

1 taking into account public interest, cost of services and the prices of coconut  
2 products and by-products, and oil palm products and by-products; and  
3

- 4 h) Perform such other duties as may be assigned to it by the President of the  
5 Philippines, consistent with this act.  
6

7 **SECTION 9. *Quorum and Meeting.*** – The Board shall meet as often as the exigency of  
8 the service may demand. The presence of at least four (4) members shall constitute a  
9 quorum and the vote of a majority of the members present constituting a quorum shall  
10 be necessary for the adoption of any rule, resolution, decision or any other act of the  
11 Board.  
12

13 **SECTION 10. *Compensation.*** – The members of the Board shall each receive *per diems*  
14 for every committee and board meetings actually attended in accordance with existing  
15 rules and regulations: *Provided, however,* That the total *per diem* collected each month  
16 shall not exceed the equivalent *per diem* for four (4) committee/board meetings.  
17 Unless and until the President of the Philippines has fixed a higher *per diem* for the  
18 members of the Board, such *per diem* shall not be more than six thousand for every  
19 committee / board meeting.  
20

21 **SECTION 11. *Officers and Personnel.*** – The Chairman of the Board, who shall have the  
22 rank and privileges of a Department Secretary, shall be the head and Chief Executive  
23 Officer of the Authority. Upon his recommendation, the Board shall appoint an  
24 Administrator of the Authority who shall be the Chief Operating Officer, with the rank  
25 and privileges of a Department Undersecretary. The Administrator shall have the  
26 responsibility of managing the day-to-day affairs and operations of the Authority  
27 subject to the supervision and control of the Chief Executive Officer and in accordance  
28 with the policies established by the Board.  
29

30 The Administrator shall have a term of six (6) years unless sooner removed.  
31

32 There shall be such sufficient number of deputy administrators as the Board may  
33 prescribe to assist the Administrator who shall be appointed or removed for cause by  
34 the Board. The Administrator and the deputy administrator may be assigned with such  
35 powers and duties as the Chairman and Chief Executive Officer may prescribe from time  
36 to time.  
37

38 **SECTION 12. *Application of the Civil Service Law.*** – All officers and employees of the  
39 Authority shall be subject to the civil service laws, rules and regulations, and all  
40 selection and appointments shall be based on merit and fitness.  
41

## 42 **ARTICLE IV** 43 **MANAGEMENT AND OPERATIONS** 44

45 **SECTION 13. *Management.*** – The management of the corporate affairs of the Authority  
46 shall be the responsibility of the Chief Executive Officer with the assistance of the  
47 Administrator, deputy administrator for planning and such other officers as may be  
48 determined by the Board.  
49

1 SECTION 14. ***Duties of the Chief Executive Officer.*** – The Chief Executive Officer shall  
2 exercise the following duties and responsibilities:

- 3
- 4 a) Initiate and develop corporate policies, programs and objectives for approval of  
5 the Board;
- 6
- 7 b) Establish general administrative and operating policies;
- 8
- 9 c) Appoint all other non-officer employees of the Authority;
- 10
- 11 d) Execute for and in behalf of the Authority contracts, obligations and  
12 agreements which are required to be approved by the Board;
- 13
- 14 e) Appoint technical consultants;
- 15
- 16 f) Discipline officers and employees in accordance with civil service laws, rules  
17 and regulations;
- 18
- 19 g) Submit the internal organizational structure of the Authority, financial  
20 statements and other reports as may be required by the Board;
- 21
- 22 h) Delegate or assign any of the foregoing powers and duties except the power to  
23 appoint any official in the hierarchy of authority and always subject to his  
24 supervision and control; and
- 25
- 26 i) Exercise such other powers and duties as may be assigned by the Board.
- 27

28 SECTION 15. ***Corporate Planning Office.*** – To assist the Chief Executive Officer in the  
29 formulation of general plans and programs, promulgation of policies, the monitoring  
30 and evaluation of industry and corporate activities, there shall be a Corporate Planning  
31 Office which shall serve as the technical arm under the office of the Chairman, having  
32 the status of a branch which shall be headed by director for corporate planning with a  
33 rank of deputy administrator. The term of the director for corporate planning shall be  
34 co-terminus with the Chairman.

35  
36 SECTION 16. ***Duties of the Chief Operating Officer.*** – The Chief Operating Officer shall  
37 exercise the following duties and responsibilities:

- 38 a) Ensure that the administrative and operating policies are carried out under the  
39 direction and control of the Chairman and Chief Executive Officer;
- 40
- 41 b) Prepare and submit to the Chief Executive Officer, within sixty (60) days before  
42 the beginning of each calendar year, an annual operational budget of the  
43 Authority; and
- 44
- 45 c) Monitor operational problems, adopt remedial measures and submit policy  
46 proposals to improve the day-to-day affairs and operations of the Authority.
- 47
- 48 d) perform other duties and functions as may be assigned by the chairman of the  
49 board.

SECTION 17. **Branch Offices.** – The Authority shall have the following branches:

- a) ***Agricultural and Industrial Research and Development Branch*** for the execution and implementation of systematic, unified, and credible research and development policies, plans and programs on coconut production, utilization, propagation, and related technologies as guided by principles of scientific excellence and professionalism including the implementation of policies, plans and programs relating to advancement in industrialization and development for the coconut products and by products, and oil palm products and by-products particularly on food, oleo-chemicals, fuels and lubricants;
- b) ***Market Research and Development Branch*** for the formulation and implementation of policies, plans and programs relating to domestic and international markets development affecting the coconut industry including the enforcement of market rules and regulations formulated by the Authority;
- c) ***Field Operations Branch*** for execution and implementation of policies, plans and programs relating to production, marketing and processing activities;
- d) ***Administration and Finance Branch*** for developing and maintaining the delivery of all necessary administrative, financial and manpower support for the whole operations of the Authority; and
- e) ***Development Information and Communication Branch*** for the execution and implementation of policies, plans and programs relating to development information and communication as well as other socio economic research and development.

Every branch shall be headed by a deputy administrator or such qualified acting or officer in charge as may be designated by the Chief Executive Officer.

SECTION 18. **Regional Offices.** – The Authority shall establish and organize regional offices in coconut producing areas in the country in accordance with the political and administrative regions in the country and such number of provincial or district offices, or both, that will assist the Authority in the full implementation of this Act.

SECTION 19. **Departments, Divisions and Units.** –There shall be organized such specialized departments, divisions, units or offices as may be necessary to provide the needed administrative, technical and specialized services, as may be deemed proper and expedient by the Board, which shall be headed by a person with the required specialization or expertise as prescribed in the qualification standard for the position or function.

## ARTICLE V SOURCES OF FUNDING

SECTION 20. **Coconut Development Fund.** – There is hereby established a national coconut development fund to be administered by the authority for the purpose of financing the

1 growth and development of the coconut industry, including human resource  
2 development, training of farmers and other related activities. the sum of one billion pesos  
3 (P1,000,000,000.00) is hereby appropriated from all taxes, duties, fees, charges and  
4 impost on persons and entities engaged in business involving coconut products and by-  
5 products and shall be utilized for the purpose above stated.

6  
7 Thereafter, a continuing appropriation for five (5) years, subject to annual review,  
8 is hereby authorized to be appropriated from the same source of the total industry  
9 performance which shall not be less than one billion pesos (p1,000,000,000.00) per annum  
10 to be made available by the Bureau of Treasury.

11  
12 SECTION 21. **Special Corporate Support Fund.** – The Authority shall have a Special  
13 Corporate Support Fund for its administrative operating expenses to be funded from  
14 the following sources:

- 15  
16 a) An assessment of twelve centavos (P0.12) per kilogram of copra or husked  
17 nuts, or their equivalent in other coconut products and by-products, delivered  
18 to and purchased by traders, exporters, millers, desiccators, processors and  
19 other end-users of coconut products and by-products: *Provided*, That said  
20 amount shall be subject to reassessment within three (3) years from the  
21 effectivity of this Act and every three (3) years thereafter. Such assessment  
22 shall be collected by the Authority and deposited with any government  
23 depository bank which shall be used exclusively for the operational,  
24 supplemental or special budget duly approved by the Board: *Provided, further*,  
25 That no portion of the fund nor any unexpended balance thereof, including its  
26 earnings, shall be transferred to the general or any special funds of the  
27 government, but shall remain as corporate funds to be used in accordance with  
28 the authorized purposes; and  
29  
30 b) The proceeds of regulatory and service fees or charges as may be determined  
31 and imposed by the Board in the implementation of the provisions of this Act  
32 to cover reasonable costs of service in the issuance of licenses, certificates,  
33 export permits prior commodity clearances including other incomes to be  
34 withdrawn in accordance with the immediately preceding paragraph. Such  
35 regulatory and service fees or charges shall not be construed or interpreted  
36 under any law or regulation, as special and/or fiduciary funds, or as part of the  
37 general funds of the national government.  
38 Such assessment and regulatory and service fees are subject to review by the  
39 governing board of the Authority and may be increased from time to time to  
40 cover cost of inflation or as the need arises.

41  
42 SECTION 22. **Other Sources of Funding.** – In the event the funds as provided in Sections  
43 20 and 21 of this Act become insufficient, an amount not less than the initial  
44 appropriation mentioned in Section 20 hereof shall be appropriated from the following  
45 sources:

- 46  
47 a) The proceeds of loans which the Authority may obtain from financial  
48 institutions: *Provided*, That should the total outstanding proceeds shall at any



one time exceed One Billion Pesos (P1,000,000,000.00), the transaction shall be subject to the approval of the President;

- b) All other proceeds, income, and collections arising from transactions authorized under this Act: *Provided*, That proceeds herein mentioned shall be used to finance socio-economic, developmental, and research and development programs and projects of the Authority;
- c) The proceeds of the value-added tax imposed on all coconut products and by-products; except copra, copra cake and meal which are hereby exempted from payment of value added tax and on the services of coconut oil mills, desiccated coconut factories and other processors of coconut products shall be collected by the Bureau of Internal Revenue under Executive Order No. 273, entitled "*Adopting A Value-Added Tax, Amending For This Purpose Certain Provisions Of the National Internal Revenue Code, And For Other Purposes,*"; *Provided*, That such proceeds of the value added tax shall be deposited with the Treasurer of the Philippines within the first ten (10) days of each quarter and shall be automatically appropriated to finance the programs and projects of the Authority;
- d) All other funds as maybe provided for by Law, judicial determination or executive declaration.

## ARTICLE VI REGISTRATION, LICENSE, PERMITS

SECTION 23. ***Application for Registration.*** – Any person directly or indirectly engaged in the manufacture, processing, and other business involving coconut products and by-products, and other oil palm products and by-products to be determined by the Authority pursuant to its rules and regulations shall apply for registration with the Authority.

SECTION 24. ***License to Operate.*** – Upon approval of application for registration, the Authority shall issue the corresponding license to operate under such rules and regulations promulgated for the purpose. The application for registration and license shall be mandatory for both the principal and his agents in the case of natural persons, and the central or main offices and their branches or subsidiaries in the case of juridical persons.

## ARTICLE VII COMMODITY SUPERVISION

SECTION 25. ***Application for Export Clearance.*** – Notwithstanding any provision of law to the contrary, all exporters of copra, coconut oil, desiccated coconut, copra cake or meal, and other coconut products and by-products shall file with the Authority, not later than ten (10) days prior to the date of loading, an application for export clearance pursuant to such forms prescribed by the Authority under its implementing rules and regulations.

1 SECTION 26. **Use of Moisture Meter.** – For an accurate determination of moisture  
2 content in the copra *resecada*, and in observation of the standard scale for moisture  
3 content established by the Authority, all persons or firms engaged in the business  
4 involving copra shall use moisture meters duly calibrated, serialized and sealed by the  
5 Authority or any duly authorized office.  
6

7 SECTION 27. **Fees.** – The Authority shall collect in addition to the fees for the issuance,  
8 renewal or replacement of license and registration such reasonable fees to cover the  
9 cost of services under this Act.  
10

## 11 ARTICLE VIII 12 INCENTIVES 13

14 SECTION 28. **Tax Incentives.** –The coconut industry, its institutions, members and  
15 participants shall be entitled to all tax and non-tax incentives under existing applicable  
16 laws, decrees, executive orders and similar issuances.  
17

18 SECTION 29. **Tax Exemption.** – Notwithstanding the provisions of any law to the  
19 contrary, all real properties, equipment and machinery acquired by the Authority for its  
20 operations under this Act shall be exempt from all taxes, fees, duties, imposts and  
21 assessments, both national and local except income tax.  
22

## 23 ARTICLE IX 24 SPECIAL PROVISIONS 25

26 SECTION 30. **Conservation of Coconut Trees.** – In order to conserve and protect the  
27 resources devoted to coconut industry, the Authority shall regulate the cutting or  
28 destruction of coconut trees in accordance with the provisions of Republic Act 8048,  
29 otherwise known as the Coconut Preservation Act of 1995, including all amendments  
30 thereto on the date this Act takes effect and to execute and enforce the police powers  
31 granted under this Act.  
32

33 SECTION 31. **Measures to Protect the Industry.** – When the general welfare of the  
34 industry for national interest so requires, and when there exist unabated increase in  
35 production capacity resulting, singly or collectively, in cutthroat competition,  
36 overproduction, underselling, and smuggling of poor quality coconut products and by-  
37 products, or oil palm products and by-products, thereby threatening the viability and  
38 stability of the coconut industry or any sector thereof, the Authority shall regulate or  
39 otherwise suspend the issuance of license for the establishment and operation of any  
40 new coconut oil mill, desiccated coconut plant or refinery or the upgrading of capacities  
41 of existing mill, plant or refinery. In granting the license, the Authority shall evaluate  
42 and determine the need for the establishment of additional mills or plant or upgrading  
43 the capacity of any existing mills or plant in relation to:  
44

- 45 a) The existing market demand;
- 46
- 47 b) The production capacity prevailing in the country, locally or any sector of the
- 48 industry;
- 49

- 1 c) The level and flow of supply or raw materials; and  
2  
3 d) Such other circumstances which may affect the viability or stability of the  
4 industry concerned.  
5

6 **ARTICLE X**  
7 **PENALTIES**  
8

9 **SECTION 32. *Penalties.*** – Any person who wilfully or deliberately violates any of the  
10 provisions of this Act or rules or regulations duly promulgated hereunder shall be  
11 punished by a fine of not less than two hundred thousand pesos (P200,000.00), or by  
12 imprisonment of not more than five (5) years, or both: *Provided*, That should the  
13 violation constitute an act punishable under the Revised Penal Code, the pertinent  
14 provision and penalty prescribed in the said Code shall apply.  
15

16 If the violation be committed by an association, partnership, corporation or any  
17 juridical person, the officer or officers, director or employee responsible for the  
18 violation shall be held liable and shall suffer the penalties provided herein. An alien  
19 found guilty shall after having served his sentence be immediately deported and in case  
20 of a naturalized citizen, his Certificate of Naturalization shall be cancelled. –  
21

22 **SECTION 33. *Interest and Charges.*** – Assessment and regulatory or service fees or  
23 charges which are not paid on the due date thereof shall be subject to penalty interest  
24 of fourteen (14%) percent per annum. In addition thereto, a surcharge of twenty five  
25 (25%) percent shall be imposed in case of wilful or fraudulent failure to pay as  
26 determined by the court in a case filed therefor.  
27

28 **ARTICLE XI**  
29 **TRANSITORY PROVISION**  
30

31 **SECTION 34. *Implementing Rules and Regulations.*** – The PHILCIDA is hereby given full  
32 power and authority to promulgate such rules and regulations it may deem proper and  
33 necessary for the effective implementation of this Act.  
34

35 **SECTION 35. *Abolition.*** – The Philippine Coconut Authority is hereby abolished and its  
36 powers and functions transferred to the Philippine Coconut Industry Development  
37 Authority together with all the appropriations and funding from all sources, including all  
38 its obligations, equipment and other assets and such personnel as are necessary:  
39 *Provided*, That as a result or incident of the abolition , no personnel shall be terminated  
40 or separated except when the Board shall exercise its authority to reorganize pursuant  
41 to Article III, Section 8 of this Act: *Provided further*, That displaced personnel as a result  
42 of the abolition shall be given compensation equivalent to twice their present salary for  
43 every year of government service. *Provide furthermore*, that the Authority through the  
44 Board, shall effect the transfer of absorbed personnel in a manner that will ensure the  
45 least disruption of on-going programs and projects: *Provided finally*, that until such  
46 reorganization is implemented, all officers and employees of the abolished agency shall  
47 continue all functions and discharge all their duties and responsibilities.  
48

49 **ARTICLE XII**

MISCELLANEOUS

SECTION 36. ***Separability Clause.*** – If any part or provision of this Act is declared unconstitutional, other parts or provisions thereof which are not affected thereby shall continue to be in full force and effect.

SECTION 37. ***Repealing Clause.*** – All laws, decrees, executive orders, rules and regulations and other issuances or parts thereof, inconsistent with the provisions of this Act, are hereby repealed or modified accordingly.

SECTION 38. ***Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,