



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

**EIGHTEENTH CONGRESS**  
First Regular Session

HOUSE BILL NO. 2552



Introduced by Representative Sharon S. Garin

#### EXPLANATORY NOTE

From 1971 to 1982, small and marginalized coconut farmers have been remitting coconut levy funds to the government. These funds were intended to support and advance the development of the coconut industry for the benefit of coconut farmers.

Various laws and issuances were signed to ensure that coconut levy funds were collected throughout the years. These include:

- 1) On June 19, 1971, Republic Act 6260, known as the "Coconut Investment Fund" (CIF) was implemented and authorized the collection from coconut farmers a sum equivalent to P0.55 on the first domestic sale for every 100kg of copra;
- 2) On August 20, 1973, P.D. 276 created the Coconut Consumers Stabilization Fund (CCSF) which imposed an additional of P15 for every 100kg sale of copra resecada;
- 3) On November 14, 1974, 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 made permanent; and
- 4) On October 2, 1981, PD 1841 (the Coconut Industry Stabilization Fund) revised levies and imposed the amount of P50 for every 100kg of copra resecada and later was raised to P100 per 100kg of copra.

As a testament to the effectivity of collections during the first decade of its implementation, through the blood and sweat of the coconut farmers, the levy accumulated the amount of P9.625 billion.

After the EDSA Revolution of 1986, the administration of the late former President Corazon Aquino, through the Presidential Commission on Good Government, sequestered all assets acquired by Marcos and his cronies including the coco levy funds. But despite the

huge amount of existing coconut levy funds, the genuine stakeholders – the small and marginalized coconut farmers, remain underprivileged and the coconut industry remains stagnant and dragged down.

It is estimated that the coco levy funds, inclusive of earnings, interests and other increments, have grown to some P200 billion according to a July 11, 2013 report of the *Philippine Daily Inquirer*.

It was a great moment when after almost four decades, the highest court of the land affirmed that the funds were indeed owned by the small coconut farmers and should be treated as public funds.

On January 24, 2012, the Supreme Court declared the CIIF block of shares as having been purchased by means of the coconut levy funds and therefore should be treated as public funds.

Executive Orders 312 and 313 of former President Estrada, which sought to privatize shares in San Miguel Corporation that were bought with coco levy funds, were junked by the Supreme Court in April 2012.

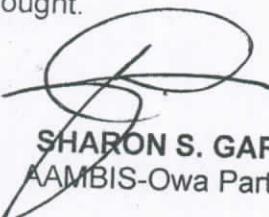
The series of promulgations of the Supreme Court in September and November 2012 declared that the Cojuangco's claims to the UCPB and SMC stocks that were bought with the coco levy funds are public funds. On October 5, 2012, San Miguel Corporation formally paid the government, through the PCGG, the sum of almost P58 billion for the preferred shares it bought.

In the most recent ruling of the Supreme Court dated July 9, 2013, the high court upheld its decision that shares in the UCPB of Cojuangco were owned by the government. The coconut levy funds should be used for the benefit of the small and marginalized coconut farmers and farm workers.

The abovementioned decisions by the courts regarding the coco levy funds affirm the need to return these funds to their rightful owners. It is ironic that *coconut*, popularly dubbed as the "tree of life," has been the source of so much bitterness and hardship for our small and marginalized farmers.

This bill seeks to address the decades-long struggle of coconut farmers by enacting a genuine law on the use of the coconut levy funds. It is meant to provide a mechanism to protect the rights, welfare and interest of the small and marginalized coconut farmers and farm workers.

In view of the forgoing, the passage of this bill is earnestly sought.



SHARON S. GARIN  
AAMBIS-Owa Party-list



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EIGHTEENTH CONGRESS  
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House Bill No. 2552

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

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

4      Section 2. ***Declaration of Policy.*** It is hereby declared the policy of the State to  
5      pursue and attain the balanced, equitable, integrated, and sustainable growth and  
6      development of the coconut industry. Towards this end, the State shall adopt the  
7      necessary measures to immediately address the serious problems besetting the  
8      coconut industry, protect the socio-economic well-being of coconut farmers, and  
9      ensure that the benefits due them, especially the poor and the marginalized,  
10     under various statutes shall be consolidated and their delivery expedited. Any  
11     measure or program undertaken in accordance to this Act shall be deemed  
12     complementary to and shall not be a replacement for existing and potential coconut  
13     development programs already conducted by other agencies.  
14

## Chapter I Definition of Terms

### **Section 3. *Definition of Terms.*** As used in this Act:

- a. ***Coconut Industry Investment Fund (CIIF)*** refers to the Fund created pursuant to Presidential Decree (PD) 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 related to the coconut industry in all

1 its aspects and the establishment of a research program into the  
2 commercial and industrial uses of coconut.  
3

- 4 b. **CIIF Holding Companies** refer to the fourteen (14) holding companies,  
5 namely: (1) Anglo Ventures Corporation; (2) ASC Investors, Inc.; (3) Arc  
6 Investors, Incorporated; (4) AP Holdings, Incorporated; (5) Fernandez  
7 Holdings, Incorporated; (6) First Meridian Development, Inc.; (7) Randy  
8 Allied Ventures, Incorporated; (8) Rock Steel Resources, Incorporated;  
9 (9) Roxas Shares, Incorporated; (10) San Miguel Officers  
10 Corporation, Incorporated; (11) Soriano Shares, Incorporated; (12) Te  
11 Deum Resources, Incorporated; (13) Toda Holdings, Incorporated;  
12 and (14) Valhalla Properties Limited, Incorporated, created by the  
13 CIIF Oil Mills Group to acquire, hold and manage the shares of stocks  
14 of San Miguel Corporation (SMC).  
15
- 16 c. **CIIF Oil Mills Group** refers to the six (6) CIIF companies, namely: (1)  
17 Southern Luzon Coconut Oil Mills; (2) Cagayan de Oro Oil Company,  
18 Incorporated; (3) Iligan Coconut Industries, Incorporated; (4) San Pablo  
19 Manufacturing Corporation; (5) Granexport Manufacturing Corporation;  
20 and (6) Legaspi Oil Company, Incorporated, acquired by the UCPB  
21 using the CIIF.  
22
- 23 d. **CIIF SMC Block Shares** refer to the thirty-three million one hundred  
24 thirty-three thousand and two hundred sixty-six (33,133,266) shares of  
25 stock in SMC, sequestered by the Presidential Commission on Good  
26 Government (PCGG) in April 1986 representing thirty-one percent (31%)  
27 of the total outstanding capital stock of SMC.  
28
- 29 e. **Converted SMC Series I Preferred Shares** refer to that portion of the  
30 CIIF SMC Block Shares covering seven hundred fifty-three million eight  
31 hundred forty-eight thousand and three hundred twelve (753,848,312)  
32 preferred shares of stock in SMC representing twenty-four percent (24%)  
33 of the outstanding capital stock of SMC.  
34
- 35 f. **Coconut Farmer** refers to:  
36 1. Farmer-owner of a coconut farm who:  
37 a) Tills the land (owner-cultivator); or  
38 b) Does not till the land but has control and supervision over the  
39 cultivation of a farm; and  
40
- 42 2. A non-owner of the coconut farm who is either a:  
43 a) Leaseholder or tenant who tills or supervises the cultivation of the  
44 farm; or  
45 b) Farm worker or laborer, whether seasonal or itinerant, engaged  
46 in the harvesting of the nuts and processing of copra as major  
47 means of livelihood.  
48

- 1       g. ***Coconut Levy Assets*** refer to any and all kinds of property, whether  
2       real or personal, tangible or intangible, wherever situated, which have been  
3       acquired through or otherwise funded by the Coconut Levy Funds, including  
4       those assets that may be recovered in favor of the Government, as well as  
5       the fruits or income derived therefrom, including those acquired in exchange  
6       or substitution thereof, including but not limited to the following:
- 7
- 8       1. The shares of stock in the UCPB determined to be owned by the  
9       Government;  
10      2. The CIIF Oil Mills Group;  
11      3. The CIIF Holding Companies;  
12      4. The Converted SMC Series 1 Preferred Shares; and  
13      5. Remaining CIIF SMC Block Shares or the proceeds of their sale.
- 14
- 15      h. ***Coconut Levy Funds*** refer to various funds generated from levies, taxes,  
16       charges, and other fees exacted or imposed pursuant to or in connection  
17       with the sale of *copra rececada* or its equivalent in other coconut  
18       products, and collected for the most part from coconut farmers, planters,  
19       millers, refiners, processors, exporters, dessicators, and other end users  
20       of *copra rececada* or its equivalent in other coconut products. These shall  
21       refer to any and all of the following:  
22
- 23       1. The Coconut Investment Fund created under Republic Act (RA) No.  
24       6260;  
25       2. The Coconut Consumer Stabilization Fund, later renamed as the  
26       Coconut Stabilization Fund, created under PD No. 276;  
27       3. The Coconut Industry Development Fund created under PD No. 582;  
28       4. The Coconut Industry Investment Fund created pursuant to PD No.  
29       1468; and  
30       5. The Coconut Reserve Fund under PD No. 1468 and PD No. 1842.
- 31
- 32      i. ***Investment Guidelines*** refer to the investment management guidelines,  
33       rules, procedures, and policies to be formulated by the Coconut Farmers  
34       and Industry Trust Fund Committee created under Section 11 of this Act,  
35       hereinafter referred to as the Committee, and as may be amended  
36       from time to time, which shall provide the parameters for investments of  
37       the Trust Fund or any portion thereof, and shall include, among others,  
38       asset allocation, criteria for selection of fund managers, required income  
39       from the fund, and other investment management threshold requirements.
- 40
- 41      j. ***Trust Income*** refers to the income, interest earnings, and other monetary  
42       benefits realized by and accruing to the Trust Fund or any portion  
43       thereof.
- 44
- 45      k. ***Trust Principal*** refers to:
- 46
- 47       1. The initial Trust Principal composed of dividends declared, paid, or  
48       issued on the Converted SMC Series 1 Preferred Shares; the  
49       proceeds from the redemption of the Converted SMC 1 Preferred

Shares; all income or interest derived therefrom as of the effectiveness 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;

2. Any and all proceeds of privatization of the Coco Levy Assets remitted thereto by the Privatization and Management Office (PMO) organized under Article III of Executive Order (EO) No. 323 (s. 2001);
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

**Section 4. Audit and Inventory of Coconut Levy Assets.** Upon the effectivity of this Act, the PCGG shall conduct a complete accounting and inventory of the Coconut Levy Assets as well as the investments, disbursement, 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 said 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 Levy 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 observations 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.

**Section 5. Reconveyance of Coconut Levy Assets.** Immediately upon the effectiveness 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.

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

**Section 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, hereinafter 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 the purposes of privatization, in which case the proceeds of such privatization shall form part of the Trust Fund.

**Section 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.

48 Section 8. ***Capitalization of the Trust Fund.*** All assets and/or properties derived  
49 from all coconut levy recovered assets; and all dividends, interest earnings, and  
50 incomes that are available upon the effectivity of this Act shall form part of the initial

1 capital of the Trust Fund. The Trust Fund shall thereafter be augmented with all  
2 the proceeds of privatization/disposition of the Coconut Levy Assets remitted  
3 directly thereto by the PMO in accordance with this Act, including any and all  
4 forms of income, interests, earnings, yields, or any monetary benefit derived  
5 therefrom prior to the privatization/disposition of these Coconut Levy Assets.  
6

7 In order to ensure the enduring character of the Trust Fund, the Principal thereof  
8 shall be augmented by grants, donations, and other lawful transfers by public or  
9 private entities. At the end of the year, all unspent portion of the trust income for  
10 the year shall accrue to the Trust Principal.  
11

12 **Section 9. Management and Utilization of the Trust Fund.** The Trust Fund shall  
13 be available and may be utilized only for the purpose for which it was created and  
14 upon authorization of the Committee, subject to the following conditions:  
15

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

30  
31 All releases from the Trust Fund approved by the Committee shall be released  
32 directly to the implementing agencies; *Provided* That, coconut productivity and  
33 developmental programs and projects shall be implemented by the Philippine  
34 Coconut Authority (PCA) created under PD No. 232 (s. 1973), as amended by PD  
35 No. 1468 (s. 1978). Other coconut productivity and developmental programs and  
36 projects implemented by other agencies shall be closely coordinated with the PCA.  
37

38 Disbursements or expenditures by the concerned implementing agencies in violation  
39 of the purpose of the Trust Fund shall be void and shall subject the erring officials  
40 and employees to disciplinary actions in accordance with existing laws, and to  
41 appropriate criminal action under existing penal laws. Disbursements of the funds  
42 should be done in accordance with the Government Accounting Manual and all other  
43 related laws, rules, and regulations.  
44

45 **Section 10. Designation of the Bureau of the Treasury as Depository of the**  
46 **Trust Fund.** Any law to the contrary notwithstanding, the BTr is hereby designated  
47 as the depository of the Trust Fund, which shall:  
48

- 49 a. Hold and account the Trust Fund in the manner set forth by the  
50 Committee;

- 1        b. Release funds directly to the implementing agencies upon the instruction  
2              of the Committee;  
3        c. When so appointed by the Committee, act as a fund manager of the  
4              investments of the Trust Fund with the authority and accountability as that  
5              of a private fund manager; and  
6        d. Perform other tasks as may be authorized by the Committee.  
7

8        The Committee may designate alternative depository banks which shall perform  
9              the same functions as that of the BTr.  
10

11

#### 12              Chapter IV 13              **Coconut Farmers and Industry Development and Industry Trust Fund** 14              Committee 15

16        **Section 11. Creation of the Coconut Farmers and Industry Development Trust**  
17              **Fund Committee.** The Coconut Farmers and Industry Development Trust Fund  
18              Committee is hereby created under the OP.  
19

20        The Committee shall have the following powers and functions:  
21

- 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
- j. Exercise such other incidental powers and functions as may be necessary to attain the objectives of this Act.

43        The PCA shall provide Secretariat support to the Committee.  
44

45        **Section 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 and 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 records.

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 their successor is appointed; *Provided That*, any appointment to fill a vacancy in the Committee shall be only for the unexpired term.

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

**Section 14. *Meetings of the Committee.*** The Committee shall meet 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 (Php 50,000,000.00);
- b. Any proposed investment involving more than One Hundred Million Pesos (Php 100,000,000.00); and
- c. All dispositions or privatization proposals.

*Provided further,* That the disbursements requiring the approval of at least a majority of the members of the Committee may be subject to the President's disallowance.

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

1  
2     Section 15. ***Compensation of the Members of the Committee.*** The members of the  
3     Committee may be entitled to per diems and reimbursable expenses, in accordance  
4     with the COA rules and regulations.  
5

6     Section 16. ***Obligations of the Members of the Committee.*** The members of  
7     the Committee shall act with due care, diligence, skill, and good faith in all its  
8     dealings with the Trust Fund and the Coconut Levy Assets. They shall avoid  
9     conflicts of interest and declare before the Committee any interest they may have  
10    in any particular matter.  
11

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

22    The Committee shall recommend to the President the removal and replacement  
23    of the member who performs such acts.  
24

25    Section 17. ***Executive Director of the Committee.*** The administrator of the PCA  
26    shall be appointed as Executive Director of the Committee.  
27

28    The Executive Director shall have the following powers and functions:  
29

- 30       a. Execute policies and administer the programs approved or promulgated  
31       by the Committee;
- 32       b. Monitor the progress of the implementation of the Plan and submit  
33       periodic reports to the Committee;
- 34       c. Prepare an annual report on the activities of the Committee at the close  
35       of each fiscal year and to submit a copy thereof to the President and  
36       Congress;
- 37       d. Keep and maintain official records and reports of the proceedings of  
38       the Committee;
- 39       e. Administer oaths in all matters falling within the jurisdiction of the  
40       Committee; and
- 41       f. Exercise such other duties as may be vested by the Committee that  
42       are consistent with the provisions of this Act.  
43

44    Section 18. ***Cooperation with the Committee.*** The Committee may also call upon  
45    any department, bureau, office, agency, and instrumentality of the Government,  
46    including Government-Owned or -Controlled Corporations (GOCCs), for any  
47    assistance it may need in the discharge of its functions and responsibilities as well  
48    as in the implementation of its programs and projects.  
49

1 Section 19. ***Accounting and Auditing.*** The Committee shall maintain records and  
2 accounts of all investments, income, receipts, disbursements, and other  
3 transactions relating to the management, administration, and disposition of the Trust  
4 Fund. These records and accounts shall be maintained in accordance with existing  
5 accounting and auditing laws, rules, and regulations. The Trust Fund shall be  
6 audited by the COA.

8 Section 20. ***Legal Counsel.*** The Solicitor-General shall be the *ex officio*  
9 counsel of the Committee on legal matters.  
10

## Chapter V Coconut Farmers and Industry Development Plan

**Section 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 the 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, Department of Health, the Department of Trade and Industry, the Department of Budget and Management, the National Economic and 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, and 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 organizations 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 same manner as that of the Committee under Chapter IV, Section 15 of this Act.

46 The Ad Hoc Committee, in consultation with coconut farmers' organizations,  
47 industry associations, civil society organizations, academe, concerned government  
48 agencies, and other stakeholders in the coconut industry shall indicate in an  
49 integrated coconut industry strategy the policies for the development and  
50 rehabilitation of the coconut industry. It shall prepare every five (5) years, or as

1 determined by the Committee, a medium term plan of programs, activities, and  
2 projects, which shall be funded out of the Trust Fund and which shall be known  
3 as the Coconut Farmers and Industry Development Plan, hereinafter referred to as  
4 the Plan. The Plan shall be consistent with the Philippine Development Plan and  
5 shall be subject to mandatory review every year.  
6

7 The Administrator of the PCA shall submit an annual report to the Committee on the  
8 status of the implementation of the Plan and its corresponding programs/projects.  
9

10 The PCA shall commission an independent study on the third year, or any other date  
11 as may be determined by the Committee, to assess the impact of the programs and  
12 projects in the Plan. The results of the independent study shall be one of the bases to  
13 update the Plan. The conduct of the study shall be chargeable to the regular funds of  
14 the PCA.  
15

16 In the formulation of the Plan, the *Ad Hoc* Committee shall be guided by the  
17 following objectives:  
18

- 19 a. Increase in the income of coconut farmers and increase coconut  
20 productivity including intercropping and livestock-raising;
- 21 b. Establishment of coconut-based enterprises including integrated  
22 processing of coconut products and downstream products;
- 23 c. Rehabilitation and modernization of the coconut industry towards global  
24 competitiveness;
- 25 d. Provision of timely and critical support to coconut farmers organization;  
26 and
- 27 e. Establishment of social protection programs that directly benefit the  
28 coconut farmers and farm workers, in case these social protection  
29 programs are not funded by an appropriations law or any other special  
30 laws, or where funding is insufficient. The social protection programs  
31 shall include: (1) social services such as life, medical, and accident  
32 insurance coverage of the coconut farmers and farm workers; (2)  
33 scholarships for the benefit of the deserving descendants of the coconut  
34 farmers and farm workers; and (3) livelihood programs.  
35

36 The Plan shall provide an indicative funding requirement or allocation for the  
37 implementation of any and all of the programs and projects, which funding or  
38 allocation shall be itemized or broken down on a project-to-project basis;  
39 *Provided, That* (a) for projects which are recurring, or to be implemented on a  
40 regular basis, the allocation shall indicate the annual fund that may be required to  
41 implement the project; and (b) for projects that are to be implemented or  
42 concluded within a period of time, the allocation shall indicate the total fund that  
43 may be required for the implementation of the whole project, itemized according  
44 to the phases or stages of the project. The Plan shall also include the contribution  
45 of the regular budget of the PCA.  
46

47 Within ninety (90) days from the appointment of all farmer-representatives and the  
48 industry representatives, the Plan shall be submitted by the *Ad Hoc* Committee to  
49 the Committee which shall, in turn, submit the Plan to the President, as endorsed  
50 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

**Section 22. *Privatization of 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 disposed of, the purchasers, the consideration received, and the agreed terms of payment.

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

**Section 24. *Allowable Investment.*** 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, 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 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

**Section 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 RA No. 10149, otherwise known as the "GOCC Governance Act of 2011," shall apply suppletorily. EO No. 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.

**Section 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.

**Section 27. Congressional Oversight.** The Congressional Oversight Committee on Agricultural and Fisheries Modernization 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 Enterprises.

- 1   Section 28. ***Separability Clause.*** If any provision of this Act is declared invalid or  
2 unconstitutional, the other provisions not affected by such declaration shall remain in  
3 full force and effect.  
4
- 5   Section 29. ***Repealing Clause.*** All laws, executive and administrative orders, rules  
6 and regulations inconsistent with this Act are hereby repealed or amended  
7 accordingly.  
8
- 9   Section 30. ***Effectivity.*** This Act shall take effect fifteen (15) days after its publication  
10 in the Official Gazette or in a newspaper of general circulation.