



EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

19 SEP 16 P 3:00

SENATE

RECEIVED BY: *J*

S. B. No. 1052

Introduced by Senator CYNTHIA A. VILLAR

AN ACT CREATING THE COCONUT FARMERS AND INDUSTRY TRUST FUND, PROVIDING FOR ITS MANAGEMENT AND UTILIZATION, RECONSTITUTING FOR THE PURPOSE THE PHILIPPINE COCONUT AUTHORITY BOARD, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

This bill was approved by both Houses of the 17th Congress. It was sent to the President for signing into law but was vetoed. It is now being refiled with modifications, taking into consideration the inputs being suggested by the executive branch of government.

In the chapter on definition, the coconut levy assets and the coconut levy funds are being defined, both of which are important ingredients to the Trust Fund.

The Coconut Farmers and Industry Trust Fund is being created, to be managed and disbursed in accordance with the Coconut Farmers and Industry Development Plan, which will be prepared by the Philippine Coconut Authority (PCA) in consultation with the coconut farmers and their organizations, industry associations, civil society organizations, academe, government agencies concerned, and other stakeholders in the coconut industry and approved by the President of the Philippines. The Plan shall set the directions and policies for the development and rehabilitation of the coconut industry for the next ninety-nine (99) years, the life-span of the Trust Fund.

The Plan shall include as objectives the increased farm productivity and incomes of coconut farmers; intensive effort on intercropping and livestock raising; establishment of coconut-based enterprises; rehabilitation and modernization of the coconut industry towards global competitiveness; poverty alleviation and social equity, among several others.

Immediately upon enactment of this bill into law, the Bureau of Treasury shall transfer Five Billion Pesos (P5,000,000,000.00) to the Trust Fund.

The utilization of the Trust Fund shall be for provisions of facilities essential to the industry, empowerment of coconut farmers' organizations and cooperatives, farm improvement to encourage self-sufficiency, scholarship program, and health and medical program for industry members. The Trust Fund monies shall be separate and distinct from the regular fund of the PCA from the General Appropriations Act (GAA).

Towards this end, the PCA, as the implementing agency of this proposed law, is being strengthened, with the presence of 5 government department secretaries in the Board, the PCA Administrator, and additional 3 farmer representatives, one each from Luzon, Visayas and Mindanao.

To ensure the judicious use of the fund, the bill also creates the Trust Fund Management Committee comprised of representatives from the Department of Finance (DoF), Department of Budget and Management, and Department of Justice. The DoF shall be designated as the Fund Manager.

This proposed law is long overdue, it's about time the monies of our coconut farmers, which they rightfully own, should be plowed back to the coconut industry for the ultimate benefit not only of our coconut farmers but of our entire agricultural economy.

Hence, the early approval of this bill is earnestly sought.



CYNTHIA A. VILLAR
Senator



Senate

Office of the Secretary

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AN ACT CREATING THE COCONUT FARMERS AND
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MANAGEMENT AND UTILIZATION, RECONSTITUTING FOR THE PURPOSE
THE PHILIPPINE COCONUT AUTHORITY BOARD, AND FOR
OTHER PURPOSES

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

- 1 SEC. 1. Short Title. - This Act shall be known as the "Coconut Farmers and
- 2 Industry Trust Fund Act."
- 3
- 4 SEC. 2. Declaration of Policy. - It is hereby declared the policy of the State
- 5 to consolidate the benefits due to coconut farmers, especially the poor and
- 6 marginalized, under various statutes and to expedite the delivery thereof
- 7 to attain increased incomes for coconut farmers, alleviate poverty, and
- 8 achieve social equality.

I

DEFINITION OF TERMS

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

6

7 (a) Coconut Farmer shall refer to:

8

9 (1) An owner of a coconut farm, who:

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

(ii) Does not till the land, but has control and supervision over the cultivation of the coconut farm;

13

14 (2) A leaseholder or tenant who tills or supervises the cultivation of the
15 coconut farm; or

16

(3) A farm worker or laborer, whether seasonal or itinerant, engaged in the harvesting of the nuts and processing of copra as a major means of livelihood.

20

(b) Coconut Levy Assets shall refer to any and all kinds of property, whether real or personal, tangible or intangible, wherever situated, which have been acquired through the Coconut Levy Funds as defined in this Section, including those assets that may be recovered in favor of the Government, as well as the fruits or income therefrom, including those

1 acquired in exchange or substitution thereof. These shall include, among
2 others, the following:

3

4 (i) The shares of stock in United Coconut Planters Bank (UCPB) that
5 were determined to be owned by the Government;

6

7 (ii) The CIIF-Oil Mills Group, which refers to the CIIF companies,
8 namely: Southern Luzon Coconut Oil Mills; Cagayan de Oro Oil Co.
9 Inc.; Iligan Coconut Industries, Inc.; San Pablo Manufacturing Corp.;
10 Granexport Manufacturing Corp.; and Legaspi Oil Co, Inc.;

11

12 (iii) The CIIF Holding Companies, which refers to the fourteen (14)
13 holding companies, namely: Anglo Ventures Corporation; ASC
14 Investors, Inc.; Arc Investors, Inc.; AP Holdings, Inc.; Fernandez
15 Holdings, Inc.; First Meridian Development, Inc.; Randy Allied
16 Ventures, Inc.; Rock Steel Resources, Inc.; Roxas Shares, Inc.; San
17 Miguel Officers Corps., Inc.; Soriano Shares, Inc.; Te Deum
18 Resources, Inc.; Toda Holdings, Inc.; and Valhalla Properties Limited,
19 Inc.;

20

21 (iv) The Converted San Miguel Corporation (SMC) Series 1 Preferred
22 Shares, which refers to the 753,848,312 preferred shares of stock in
23 SMC declared owned by the Government, together with all the
24 dividends declared, paid, or issued thereon, as well as any

1 increments thereto arising from, but not limited to, the exercise of
2 pre-emptive rights;

3

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

10 Specifically, the term shall refer to any or all of the following:

- 11
- 12 (i) The Coconut Investment Fund created under Republic Act No.
13 6260;
- 14 (ii) The Coconut Consumers Stabilization Fund, later renamed as the
15 Coconut Industry Stabilization Fund, created under Presidential
16 Decree No. 276;
- 17 (iii) The Coconut Industry Development Fund created under
18 Presidential Decree No. 582;
- 19 (iv) The Coconut Industry Investment Fund created under
20 Presidential Decree No. 1468;

21

22 (d) Designated Disposition Entity refers to Government Financial
23 Institutions (GFIs) which, at the time of enactment of this Act, are one
24 hundred percent (100%) owned by the Government, or National
25 Government Agencies (NGAs), which are approved by the Trust Fund

1 Management Committee, upon recommendation of the Trust Fund
2 Manager, to perform similar functions as the BTr under Section 11 of this
3 Act.

4

5 II

6 COCONUT FARMERS AND INDUSTRY DEVELOPMENT PLAN

7

8 SEC. 4. Preparation of the Coconut Farmers and Industry Development
9 Plan. – The utilization of the Trust Fund created under this Act, or any
10 portion thereof, shall be in accordance with a Coconut Farmers and
11 Industry Development Plan, which shall be prepared by the Philippine
12 Coconut Authority (PCA) and approved by the President of the Philippines.
13 In the performance of its functions, the PCA shall consult coconut farmers
14 and their organizations, industry associations, civil society organizations,
15 academe, government agencies concerned, and other stakeholders in the
16 coconut industry. The Plan shall set the directions and policies for the
17 development and rehabilitation of the coconut industry within ninety-nine
18 (99) years.

19

20 In the formulation of the Plan, the PCA shall be guided by the following
21 objectives:

- 22 (a) Increased incomes of coconut farmers;
23 (b) Poverty alleviation and social equity; and
24 (c) Rehabilitation and modernization of the coconut industry towards
25 farm productivity.

1

2 The Plan shall include a national program for:

3 (a) community-based enterprises, including integrated processing of
4 products and downstream products intended to increase incomes of
5 coconut farmers;

6 (b) social protection that directly benefit coconut farmers, farm
7 workers, and their families, taking into consideration existing social
8 protection programs of the government; and

9 (c) coconut farmers organization and development.

10

11 The Plan shall provide the criteria for targeting beneficiaries, the indicators
12 in determining the attainment of the abovementioned objectives, and the
13 mechanisms for monitoring and evaluating the impact of the different
14 components of the program.

15

16 The Plan shall provide an indicative funding requirement or allocation for
17 the implementation of any and all of the programs and projects to be
18 funded by the initial Trust Fund Principal and the Trust Fund Income,
19 which funding or allocation shall be itemized or broken down on a project-
20 to-project basis, Provided, That:

21

22 (i) for projects which are recurring, or to be implemented on a regular
23 basis, the allocation shall indicate the annual amount that may be required
24 to implement said project;

25

1 (ii) for projects that are to be implemented or concluded within a period of
2 time, the allocation shall indicate the total amount that may be required for
3 the implementation of the whole project, itemized according to the phases
4 or stages of said project; and

5

6 (iii) all projects shall be evaluated on the basis of financial returns and
7 increased farmers income.

8

9 The Plan shall also include strategic and inclusive training programs
10 dedicated for the coconut farmers based on a comprehensive review of
11 existing training programs. Programs relating to planting, replanting,
12 fertilization, research and development, market promotion, farm-to-market
13 roads, and direct lending, shall be funded through regular appropriations.

14

15 The Plan shall take into account the utilization of the annual Trust Fund
16 under the following allocations:

17

- 18 (a) Shared facilities program, thirty percent (30%);
- 19 (b) Farm improvement to encourage self-sufficiency, thirty percent (30%);
- 20 (c) Empowerment of coconut farmer organization and their cooperatives,
21 fifteen percent (15%);
- 22 (d) Scholarship program, fifteen percent (15%); and
- 23 (e) Health and medical program, ten percent (10%).

24

1 Within one hundred twenty (120) days from the effectivity of this Act, the
2 Plan shall be submitted by the PCA to the President, for approval. The PCA
3 shall, within ninety (90) days from the effectivity of this Act, complete the
4 Coconut Farmers Registry.

5

6 Before the Plan is submitted to the President for approval, the Department
7 of Budget and Management, Department of Finance, Department of Trade
8 and Industry, and the National Economic and Development Authority shall
9 provide their advisory opinions on the following matters:

10

- 11 (a) Whether the Plan is supportive of and consistent with socio-economic
12 development plans and oriented towards the achievement of explicit
13 objectives and expected results, to ensure that the utilization of Coco
14 Levy Fund is conducted effectively;
- 15 (b) Whether the Plan manages Coco Levy Assets and Funds judiciously and
16 in a manner supportive of development objectives;
- 17 (c) Whether the Plan accelerates and sustains economic growth for the
18 coconut industry;
- 19 (d) Whether the Plan is programmed within the context of well-formulated
20 and consistent long, medium, and short-term development plans and
21 policies that will promote both the growth of the economy and the
22 equitable distribution of the benefits of said growth to various members
23 of society.

24

25

III

THE PHILIPPINE COCONUT AUTHORITY

4 SEC. 5. The Philippine Coconut Authority (PCA). - The PCA, an independent
5 public corporation created under Presidential Decree No. 1468, shall be
6 reconstituted and strengthened to ensure the participation of coconut
7 farmers in the crafting and implementation of the Coconut Farmers and
8 Industry Development Plan. The composition of the PCA Board is hereby
9 amended and the same shall now be composed of the following:

10

11 (a) The Secretary of the Department of Agriculture (DA), as Chairperson;

12

13 (b) The Secretary of the Department of Finance (DOF), as Vice
14 Chairperson;

15

16 (c) The Secretary of the Department of Budget and Management (DBM);

17

18 (d) The Secretary of the Department of Science and Technology (DOST);

19

20 (e) The Secretary of the Department of Trade and Industry (DTI);

21

22 (f) The Administrator of the Authority; and

23

24 (g) Three (3) members from the coconut farmers sector (one each from
25 Luzon, Visayas, and Mindanao);

1
2 Provided, That the representatives from the coconut farmers sector shall
3 be Filipino citizens, registered with the PCA's Coconut Farmers Registry,
4 have considerable experience and reputable track record in promoting
5 coconut farmers' interest and welfare, and nominated by coconut farmers
6 organizations or cooperatives that are active for the past three (3) years in
7 farmer organization and development or community enterprise
8 development. They shall be appointed by the President of the Philippines
9 from a list of four (4) nominees for each island grouping; Provided, further,
10 That any appointment to fill a vacancy in the Board arising from the death,
11 removal, retirement, or resignation of the appointive members of the Board
12 shall only be for the unexpired term: Provided, finally, That the term of
13 office of the appointive members of the Board shall be for one (1) year,
14 unless sooner removed for cause.

15
16 The government representatives in the reconstituted PCA Board shall
17 coordinate with the PCA in promulgating a nomination and screening
18 process for the nominees of representatives of the coconut farmers in
19 consultation with their respective organizations or associations.

20
21 IV
22 FUTURE RECONVEYANCE OF COCONUT LEVY ASSETS AND/OR FUNDS
23
24 SEC. 6. Reconveyance. - Any person having any Coconut Levy Asset and/or
25 Fund in its administration, authority, custody, or control which have been

1 finally declared by the Supreme Court as belonging to the Government,
2 shall perform or cause the performance of the following:

3

4 (1) Reconvey title to the Republic of the Philippines;

5

6 (2) Deliver all stock certificates and other evidence of ownership to the
7 Bureau of the Treasury (BTr) for safekeeping; and

8

9 (3) Transfer all cash Coconut Levy Assets to the Trust Fund;

10

11 Provided, That no temporary restraining order (TRO) or any injunction
12 order can be issued except by the Supreme Court.

13

14 The Commission on Audit, in coordination with the Presidential Commission
15 on Good Government, shall conduct an inventory and audit to determine
16 compliance with pertinent laws, rules and regulations on the reconveyance
17 of the Coconut Levy Assets and/or Fund to the Republic.

18

19 V

20 COCONUT FARMERS AND INDUSTRY TRUST FUND

21

22 SEC. 7. The Coconut Farmers and Industry Trust Fund. - There is hereby
23 created a Trust Fund to be known as the "Coconut Farmers and Industry
24 Trust Fund," referred to in this Act as the "Trust Fund," which shall be

1 capitalized, managed, invested, utilized, and accounted for in the manner
2 provided in this Act.

3

4 The Trust Fund shall be maintained in such manner for ninety-nine (99)
5 years under the Coconut Farmers and Industry Development Plan to be
6 formulated under Section 4 of this Act, and shall be used for the benefit of
7 the coconut farmers and the development of the coconut industry.

8

9 SEC. 8. Nature and Capitalization of the Trust Fund. - The Coconut Farmers
10 and Industry Trust Fund is separate and distinct from the regular funds
11 appropriated to the PCA through the annual General Appropriations Act
12 (GAA). As such, the PCA shall continue to pursue its mandate of
13 implementing programs and projects from the regular GAA appropriations
14 and from funds under the Trust Fund.

15

16 The proceeds from the redemption of the Converted SMC Series 1
17 Preferred Shares, dividends declared, paid, or issued on the Converted
18 SMC Series 1 Preferred Shares, and all income or interest derived
19 therefrom as of the effectivity of this Act, and any other cash Coconut Levy
20 Asset, that are held by the BTr as a special account in the General Fund
21 and as an escrow account, and cash held by UCPB as administrator of the
22 CIIF, shall form part of the initial Trust Fund Principal of the Trust Fund.

23

24 For this purpose, any provision of law to the contrary notwithstanding, all
25 government agencies holding Coco Levy Funds and/or Assets shall transfer

1 any and all monies to the Trust Fund within a period not exceeding five (5)
2 years from the effectivity of this Act. Immediately upon the enactment of
3 this Act, the BTr shall transfer Five Billion Pesos (P5,000,000,000.00) to a
4 separate Trust Fund Account.

5

6 The Trust Fund shall thereafter be augmented with all proceeds of
7 privatization or disposition of the Coconut Levy Assets remitted directly
8 thereto by the BTr, Privatization and Management Office (PMO), or other
9 Designated Disposition Entities in accordance with this Act, including any
10 and all forms of income, interests, earnings, yields, or any monetary
11 benefit derived prior to the privatization or disposition of any of the
12 Coconut Levy Assets, and any and all forms of income, interests, earnings,
13 yields, or any monetary benefit derived from retained Coconut Levy Assets.

14

15 SEC. 9. Utilization of the Trust Fund. - The utilization of the Trust Fund or
16 any portion thereof shall be in accordance with the Coconut Farmers and
17 Industry Development Plan as provided in Section 4 of this Act, Provided,
18 That for purposes of the implementation of the Plan, for the execution of
19 programs and projects identified in the Plan that are allowed to be funded
20 out of the Trust Fund, pending the accrual or availability of the Trust Fund
21 Income, and subject to annual Governmental audit, an initial allocation of
22 Five Billion Pesos (P5,000,000,000.00) shall be available to the PCA, which
23 shall include disbursements for the formulation of the Coconut Farmers and
24 Industry Development Plan.

25

1 In the utilization of the Trust Fund, the PCA shall have the following
2 powers and functions:

3

4 (a) Approve disbursements from the Trust Fund including the funding for:
5 (i) the formulation of the Coconut Farmers and Industry Development
6 Plan; and
7 (ii) the disbursements in accordance with the Coconut Farmers and
8 Industry Development Plan.

9

10 (b) Issue policies, rules and guidelines as may be necessary to implement
11 the provisions of this Act.

12

13 SEC. 10. Creation of a Trust Fund Management Committee. – There is
14 hereby created a Trust Fund Management Committee, which shall be
15 comprised of authorized representatives of the Department of Finance
16 (DOF), Department of Budget and Management (DBM), and Department of
17 Justice (DOJ). The Trust Fund Management Committee shall be responsible
18 for setting the Investment Strategy of the Trust Fund, which includes the
19 following, among others:

- 20 a. Setting of investment priorities;
21 b. Setting of investment themes;
22 c. Evaluation of assets to determine portfolio size;
23 d. Setting of asset allocation;
24 e. Setting of policies with respect to particular asset types;
25 f. Guidelines for portfolio turnover;

- 1 g. Guidelines for Trust Fund Management Expenses;
- 2 h. Set the annual allocation of the Trust Fund available for disbursement
- 3 to the PCA;
- 4 i. Approval of the financial requirements of Designated Disposition
- 5 Entities in relation to its functions set forth under this Act, including
- 6 its annual budget for operations, management, and
- 7 privatization/disposition of Coconut Levy Assets and/or Funds
- 8 transferred and entrusted in its care;
- 9 j. Designation of alternative Designated Disposition Entities as defined
- 10 in Section 3 of this Act; and
- 11 k. Other guidelines as may be necessary to fulfill its mandate under this
- 12 Act.

13

14 The BTr shall act as the Trust Fund Management Committee Secretariat

15 and shall maintain records and accounts of all investments, receipts,

16 disbursements, and other transactions relating to the management,

17 administration, and utilization of the Trust Fund; Provided, That these

18 records and accounts shall be maintained in accordance with existing

19 accounting and auditing laws, rules and regulations, and shall be audited

20 by the Commission on Audit (COA).

21

22 For the above purposes, an amount of one-half of one percent of the Trust

23 Fund Principal shall be utilized as Trust Fund Management Expense, which

24 shall be sourced from the Trust Fund. The Trust Fund Management

25 Expense shall answer for all expenses directly incurred in the management

1 of the Trust Fund, including but not limited to transaction fees, redemption
2 fees, placement fees, investment fees, transaction costs, and other
3 operating expenses.

4

5 SEC 11. Designation of DOF as Trust Fund Manager. – The DOF is hereby
6 designated as Manager of the Trust Fund. As Manager, it shall be
7 responsible for implementing the Investment Strategy set by the Trust
8 Fund Committee and managing the portfolio of the Trust Fund.

9

10 In the performance of its functions, the DOF shall have the following
11 functions:

12

- 13 a. Monitor market and economic trends and track securities in order to
14 make informed investment decisions;
- 15 b. Recommend its portfolio strategy to the Trust Fund Committee;
- 16 c. In managing the portfolio, track financial results of the companies in
17 the portfolio and its various metrics, such as but not limited to, price-
18 to-earnings ratios, inflation-adjusted return, sales, earnings, and
19 dividends; and
- 20 d. Recommend to the Trust Fund Committee the designation of
21 alternative Designated Disposition Entities defined in Section 3 of this
22 Act; and
- 23 e. Perform other acts necessary to fulfill its mandate under this Act.

24

1 SEC 12. Management and Custodianship of the Trust Fund. – Any law to
2 the contrary notwithstanding, the BTr is hereby designated as the
3 depository of the Trust Fund. As depository, the BTr shall have the
4 following functions:

5

6 a. Hold, account, and collect on a timely basis all current and future
7 income and other payments with respect to securities and other assets
8 to which the Trust Fund shall be entitled to in the manner set forth by
9 the Department of Finance as Trust Fund Manager;

10

11 b. Release and deliver out securities and other assets of the Trusts Fund
12 upon receipt of proper instructions from the Trust Fund Manager,
13 specifying the securities or assets to be delivered out and the person or
14 persons to whom the delivery is to be made;

15

16 c. Release funds directly for the implementation of projects as instructed
17 by the PCA pursuant to the implementation of the Coconut Farmers and
18 Industry Development Plan as approved by the President under Section
19 4 of this Act; and

20

21 d. Perform any act as may be directed by the Trust Fund Manager in
22 accordance with the Investment Guidelines set forth by the Trust Fund
23 Committee.

24

1 All cash Coconut Levy Assets shall be invested in Philippine government
2 securities and other securities guaranteed by the National Government. On
3 the other hand, the BTr may hold, manage and invest non-cash Coco Levy
4 Assets, only upon approval of the DOF. Any income, earning or interest
5 obtained from said investments shall be deposited to the Trust Fund
6 Account.

7

8 The Trust Fund Management Committee may designate alternative
9 Designated Disposition Entities as defined in Section 3 of this Act.

10

11 The Trust Fund Management Committee is hereby directed to draft the
12 implementing rules and regulations in order to effectuate Sections 9 to 11
13 of this Act.

14

15 VI

16 DISPOSITION OF NON-CASH COCONUT LEVY ASSETS

17

18 SEC. 13. Disposition of Non-Cash Coconut Levy Assets. - Pursuant to the
19 mandate and the direction and policies set by relevant regulatory agencies,
20 Coco Levy Assets defined in Section 3 hereof, which are assigned by the
21 Trust Fund Management Committee to Designated Disposition Entities,
22 shall be privatized or disposed subject to the regulatory approvals as
23 required by law.

24

1 This Act shall in no case exempt Coco Levy Assets from the respective
2 jurisdictions of the various applicable regulators, particularly the
3 Governance Commission for Government-owned and -Controlled
4 Corporations (GCG), the Bangko Sentral ng Pilipinas (BSP), the Philippine
5 Deposit Insurance Corporation (PDIC), and the Insurance Commission (IC).

6

7 SEC. 14. Additional Mandate of Designated Disposition Entities. - In
8 addition to its powers, duties and functions, Designated Disposition Entities
9 as may be assigned by the Trust Fund Management Committee shall, for
10 and in behalf of the National Government, take title to and possession of,
11 conserve, provisionally manage, and dispose the Coconut Levy Assets
12 which have been identified for privatization and disposition.

13

14 Subject to the approval of the Trust Fund Management Committee, the
15 Designated Disposition Entities are hereby empowered to:

- 16 (i) Implement the marketing and disposition program of the Coconut
17 Levy Assets and/or Funds;
- 18 (ii) Execute and deliver, on behalf of the National Government, deeds
19 of sale, contracts, trust instruments, and other legally operative
20 documents as may be necessary or appropriate to convey title to,
21 take possession of, and conserve, such assets;
- 22 (iii) Engage external expertise as may be necessary in the fulfillment
23 of its tasks under this Act; and
- 24 (iv) Adopt internal rules and regulations in relation to the marketing
25 and disposition of the Coconut Levy Assets and/or Funds.

1
2 The Designated Disposition Entities shall prepare the disposition plans and
3 policies of the Coconut Levy Assets transferred to it. They are empowered
4 to enter into sales through public bidding, negotiated sale, lease, or any
5 form of divestment or transmission of rights over the Coconut Levy Assets
6 and/or Funds, including a partnership with the private sector in the
7 management or operation of these Coconut Levy Assets and/or Funds prior
8 to actual sale or disposition in accordance with the Investment Guidelines
9 approved by the Trust Fund Management Committee.

10
11 Prior to the implementation of any disposition plan for corporations
12 transferred to it, the Disposition Entities may recommend the following:

13
14 (i) Require any of the subject corporations to adopt and implement cost-
15 reduction measures to enhance the viability, and therefore the disposability
16 of such corporations, to potential buyers, including measures requiring
17 personnel retrenchment plans or other forms of corporate downsizing;

18
19 (ii) Direct any of the subject corporations to submit to the Disposition
20 Entity, within fixed time-tables, such reports and information as the
21 Disposition Entity may require in the exercise of its ownership,
22 administrative, and disposition over such corporations or their assets; and

23
24 (iii) Cause the subject corporations to undergo rehabilitation, merger,
25 consolidation, spin-off, or other corporate acts of reformatory nature as it

1 may deem necessary or desirable to expedite the disposition and
2 privatization under this Act.

3

4 Any of the above-enumerated, as well as the final disposition of such
5 assets, shall be subject to the approval of the Trust Fund Management
6 Committee.

7

8 SEC. 15. Remittance of Proceeds of Privatization. - Any provision of law to
9 the contrary notwithstanding, all proceeds or receipts from the sale of
10 Coconut Levy Assets and/or Funds, except portions thereof for
11 reimbursable custodianship and operational expenses, or such amount
12 approved by the Trust Fund Management Committee to be retained by the
13 Designated Disposition Entity, shall be remitted to the Trust Fund.

14

15 SEC. 16. Reporting Requirements. - The Trust Fund Management
16 Committee shall, on a semi-annual basis, submit to the President a report
17 on the status of disposition of the Coconut Levy Assets, which shall include,
18 among others, a description of the individual assets disposed of, their
19 purchasers, the consideration received, and the agreed terms of payment.

20

21 The Designated Disposition Entities shall, within three (3) months following
22 the closure of books at the end of each fiscal year, submit a comprehensive
23 annual report duly approved or endorsed by the PCA to the President on
24 the status of its privatization efforts and its disposition program for the

1 Coconut Levy Assets, which shall include the items described in the
2 immediately preceding paragraph.

3

4

VII

7

8 SEC. 17. Suppletory Application of Republic Act No.10149. - The provisions
9 of Republic Act No. 10149, otherwise known as the "GOCC Governance Act
10 of 2011, insofar as they are not inconsistent with the provisions of this Act,
11 shall apply suppletorily.

12

13 SEC. 18. Separability Clause. - If any provision of this Act is declared invalid
14 or unconstitutional, the other provisions not affected by such declaration
15 shall remain in full force and effect.

16

17 SEC. 19. Repealing Clause. - All laws, executive orders, administrative
18 orders, and rules and regulations inconsistent with this Act are hereby
19 repealed or amended accordingly.

20

21 SEC. 20. Effectivity. - This Act shall take effect fifteen (15) days after its
22 complete publication in the Official Gazette or in two (2) newspapers of
23 general circulation.

Approved.