



14 FEB 18 P3:46

SENATE

S.B. No. 2126

RECEIVED BY: *jc*

Introduced by Senator Cynthia A. Villar

**AN ACT
DECLARING THE COCONUT LEVY FUNDS AS PUBLIC FUNDS,
AUTHORIZING THE PRIVITIZATION AND MANAGEMENT OFFICE TO DISPOSE
THE COCONUT LEVY ASSETS, ESTABLISHING THE COCONUT FARMERS AND
INDUSTRY FUND, PROVIDING FOR ITS MANAGEMENT AND UTILIZATION, AND
FOR OTHER PURPOSES**

EXPLANATORY NOTE

The coconut industry has been at the forefront of debate and controversy for over three decades now. The situation stems from the "commanding presence of the industry in the rural sector and to its claim to large assets – the coconut levy fund. (Dy and Reyes, 2006).

Much has been written about the coconut industry. Observers such as Villegas and Esteban (1980), Habito (1988), Intal (1988) Aragon (2000), and Romero (2005) have noted the various challenges facing the industry. These challenges include: low productivity, limited intercropping, and in turn, high poverty. The causes include:

- a. Large areas are planted with low genetic potential
- b. Vast areas are not fertilized while actual labor inputs are only half of optimal
- c. One third of the coconut trees are senile; and
- d. Coconuts are planted on marginal lands.

The coconut industry is a major agriculture industry. According to latest data, coconut lands comprise 1.4 million farms, or 29% of all farms. Physical area of coconut lands totaled 3.32 million hectares (34% of total), higher than rice at 2.5 million hectares and corn at 1.4 million hectares. By island group, Luzon had 20%, Visayas 34% and Mindanao 46%.

At some 40 nuts per hectare (750 kg copra/ha), coconut has the lowest farm value per hectare among crops. This is due to low yield, mono-cropping, and underutilization of lands under the coconuts. Returns to coconut lands have not improved as productivity diminished in recent years. Farm yields practically stagnated at about 750 kg copra per hectare. Gross return per hectare was barely only Php16, 000.00 or P32, 000 per farm per year.

Poverty abounds in the 3.3 million hectare of coconut areas. Based on the Human Development Report, regions with disproportionately coconut areas tend to have high poverty incidence. This is certainly the case in Bicol with 40.5% of families in 2003, Eastern Visayas (33.5%), Zamboanga Peninsula (44.1%) and Caraga (47.3%). This is more evident at provincial levels. As there had been little changes in coconut farm productivity through yields and/or intercrops, success in poverty reduction appears limited, except in areas where there are alternative employment opportunities like Davao City and Laguna.

Coconut farms are reportedly present in 69 out of 79 provinces and coconut regions hosts among the largest number of rural poor. Resources flow to the industry is limited. Yet it has among the highest potential for growth through productivity enhancement, diversification, and industry value adding. If managed well, it can be instrumental in rural industrialization and job creation.

Global competitiveness is defined as the ability of a product to sustainably compete with exports in the global market or with imports in the local market. As most coconut products, are exported, the premier measure is cost competitiveness.

A sound strategy for competitiveness is coconut-based farming system comprising two elements: replanting with good clones; and market-based intercropping with other crops and /or livestock. Marginal lands with senile trees, if not suitable for intercrops because of distance from market and other constraints must be shifted to other use such as timber or fruit trees.

Sustainable development has three aspects: economic, social and environmental (UNIDO, 2002). On the first aspect, the low financial and economic returns to coconut farming and its concomitant high poverty have fueled urban migration. Altogether, antiquated, low-input coconut farming technology may not be sustainable.


CYNTHIA A. VILLAR

References:

- Aragon, Corazon. 2000. Coconut Program Area Research Planning and Prioritization. Discussion Paper 2000-31. Philippine Institute for Development Studies. Socio-Economic Research Portal for the Philippines.
- Habito, Cielito F. 1988. The Coconut Industry in the Overall Economic Policy Environment. Paper presented at the Technical Consultative Meeting on the Coconut Industry. February 19-20, 1988 at the Philippine Coconut Authority
- Romero, Jose Jr. 2005. Transforming the Coconut Industry: Institutional and Policy Reforms Toward Shared Development. Unpublished PhD Dissertation in political, economy. University of Asia and the Pacific.
- Villegas, Bernardo and Enrique Esteban. 1980. A Broad Policy Paper on the Philippines Coconut Industry. Submitted to the Philippine Coconut Research and Development Foundation. Center for Research and Communication. October 15, 1980.
- UNIDO. 2002. Corporate Social Responsibility. World Bank. 1987. Philippine Agricultural Sector Strategy Review. Volume 1, Report No. 6819PH June 25, 1987.
- Dy, Rolando and Senen Reyes. The Philippine Coconut Industry, Performance, Issues, and Recommendations. EPRA, 2006.

1 (c) "CIIF Holding Companies" shall refer to the fourteen (14) holding companies;
2 namely:

- 3 i. Anglo Ventures Corporation
- 4 ii. ASC Investors, Inc.
- 5 iii. ARC Investors, Inc.
- 6 iv. AP Holdings, Inc.
- 7 v. Fernandez Holdings, Inc.
- 8 vi. First Meridian Development, Inc.
- 9 vii. Randy Allied Ventures, Inc.
- 10 viii. Rock Steel Resources, Inc.
- 11 ix. Roxas Shares, Inc.
- 12 x. San Miguel Officers Corp., Inc.
- 13 xi. Soriano Shares, Inc.
- 14 xii. Te Deum Resources, Inc.
- 15 xiii. Toda Holdings, Inc.
- 16 xiv. Valhalla Properties Limited, Inc.

17 (d) "CIIF SMC Block Shares" shall refer to the 753,848,312 preferred shares in San
18 Miguel Corporation (SMC), representing 24% of the total outstanding capital stock of
19 SMC;

20 (e) "Coconut Levy Assets" shall refer to any and all kinds of property, whether real or
21 personal, tangible or intangible, wherever situated, which have been acquired through
22 the Coconut Levy Funds as defined in this Section, as well as the fruits, or income
23 therefrom, including those acquired in exchange or substitution thereof.

24 This shall include, among others, the following:

- 25 i. The 72.2% shares of UCPB's outstanding capital stock;
- 26 ii. The CIIF – Oil Mills Group;
- 27 iii. The CIIF Holding Companies; and
- 28 iv. The CIIF Block Shares;

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

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

- 7 i. The Coconut Investment Fund created under Republic Act No. 6260;
8 ii. The Coconut Consumers Stabilization Fund created under Presidential Decree No.
9 276;
10 iii. The Coconut Industry Development Fund created under Presidential Decree
11 No.582;
12 iv. The Coconut Industry Stabilization Fund created under Presidential Decree No.
13 1841; and
14 v. The Coconut Industry Investment Fund created under Presidential Decree No.
15 1468;

16 (g) "Coconut Farmers and Industry Development Plan" or "Plan" shall refer to the
17 plan to be prepared for the development and rehabilitation of the coconut industry;

18 (h) "Committee" shall refer to the Coconut Farmers and Industry Fund Committee
19 created under Section 11 of this Act;

20 (i) "GOP" shall mean the Government of the Philippines;

21 (j) "Investment Guidelines" shall refer to the investment management guidelines,
22 rules, procedures, and policies to be formulated by the Committee, and as may be
23 amended from time to time, which shall provide the parameters for investments of the
24 Trust Income or any portion thereof, and shall include, among others, asset allocation,
25 criteria for selection of fund managers, and required income from the fund, and other
26 investment management threshold requirements;

27 (k) "PMO" shall refer to the Privatization and Management Office organized under
28 Article III of Executive Order No. 323 (S. 2001);

1 (l) "PCA" shall refer to the Philippine Coconut Authority, created under Presidential
2 Decree 232 (S. 1973) as amended by Presidential Decree 1468 (S. 1978);

3 (m) "PCGG" shall refer to the Presidential Commission on Good Government, created
4 under Executive Order No. 1 (S. 1986);

5 (n) "President" shall refer to the President of the Republic of the Philippines;

6 (o) "Prohibited Investments" shall refer to any of the following: direct investments into
7 companies, private placements and direct lending, derivatives (options, warrants),
8 margin purchases, short sales, and investments in real estate;

9 (p) "Trust Fund" shall refer to the Coconut Farmers and Industry Fund created under
10 Section 6 of this Act;

11 (q) "Trust Income" shall refer to the income, interest earnings, and other monetary
12 benefits, realized by and accruing from the Trust Fund or any portion thereof; and

13 (r) "Trust Principal" shall refer to (i) the proceeds from the sale or redemption of the
14 CIIF SMC Block Shares, (ii) any and all proceeds of privatization of the Coconut Levy
15 Assets remitted thereto by the Privatization and Management Office, as provided under
16 Section 8 of this Act, and (iii) proceeds of privatization of any or all properties or assets
17 conveyed by any person, group or entity to the Committee, from time to time; as
18 provided in Section 8 hereof.

19 II

20 Declaration as Public Funds and Audit of Coconut Levy Assets

21 **SEC. 4.** *Declaration of Coconut Levy Funds as Public Funds.* — All Coconut Levy
22 Funds and any and all proceeds of privatization/disposition of the Coconut Levy Assets are
23 hereby declared as public funds to be used, managed, disbursed, or otherwise disposed of
24 only in accordance with this Act.

25 **SEC. 5.** *Audit and Inventory of Coconut Levy Assets.* — Upon the effectivity of this Act,
26 the Commission on Audit (COA), in coordination with the PCA and the PCGG, shall
27 conduct a complete accounting and inventory of the Coconut Levy Assets. The audit shall
28 determine and ascertain the amount, value, description and nature of such funds, properties,

1 assets, records, choses in action, and other rights, claims, or causes of action pertaining
2 thereto. Likewise, the COA shall conduct an audit of all investments, disbursements or
3 expenditures arising from Coconut Levy Funds.

4 Within one hundred twenty (120) days from the effectivity of this Act, the COA shall
5 submit to the Committee its audit report, together with a complete list of Coconut Levy
6 Assets and their valuation, together with the empirical basis and the methodologies
7 employed for the said valuation.

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

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

13 III

14 **Creation of the Coconut Farmers and Industry Fund, its Purposes, and Utilization**

15 **SEC. 6. *Creation of the Coconut Farmers and Industry Fund.***—There is hereby
16 created an irrevocable trust fund to be known as the Coconut Farmers and Industry Fund,
17 hereinafter referred to as the “Trust Fund,” which shall be capitalized, managed, utilized and
18 accounted for in the manner provided by this Act.

19 The Trust Fund shall be perpetually maintained and the Trust Principal shall be
20 preserved to ensure the full implementation and realization of the objectives identified and
21 ought to be attained under this Act.

22 **SEC. 7. *Purpose of the Trust Fund.*** —The Trust Fund shall be established for the
23 development of the coconut industry for the ultimate benefit of coconut farmers and farm
24 workers. It shall be used to fund the implementation of programs and projects identified in
25 the Plan, described under Section 16 of this Act.

26 **SEC. 8. *Capitalization of the Trust Fund.*** — Any and all monies deposited with the
27 United Coconut Planters Bank under the name of the CIIF pursuant to the provisions of
28 Presidential Decree No. 1468, as amended, and any and all proceeds for the redemption or

1 sale of the CIIF SMC Block Shares and all dividends accruing or have accrued thereto shall
2 form part of the initial capital of the Trust Fund. The Trust Fund shall thereafter be
3 augmented with all proceeds of privatization/disposition of the Coconut Levy Assets
4 remitted thereto by the PMO in accordance with this Act, including any and all forms of
5 income, interests, earnings, yields, or any monetary benefit which accrues to the Trust Fund
6 pursuant to the investments made pursuant to Section 11 of this Act.

7 Nothing in this Act shall be understood to prevent or prohibit any person, group or
8 entity from conveying to the Committee other properties and/or additional assets either for
9 the use of the coconut industry, or for purposes of privatization, in which case, the proceeds
10 of such privatization shall form part of the Trust Fund.

11 **SEC. 9. *Management and Utilization of the Trust Fund and Trust Income.*** – The Trust
12 Fund shall be managed, allocated, used and disbursed only as provided and in accordance
13 with this Act. The Trust Principal shall be preserved and maintained at all times and, for
14 this purpose, shall be invested in Republic of the Philippines bonds. Only the Trust Income
15 may be used for the implementation of the Plan or for any or all purposes allowed under this
16 Act.

17 A portion of the Trust Income shall be earmarked by the Committee for long-term
18 investments, provided such investment shall only be made in global fixed income securities
19 and highly liquid diversified equity-indexed funds with a view towards ensuring capital
20 preservation, protection of principal and receiving inflation adjusted returns to meet the
21 minimum required by the Committee. In no case shall the Trust Income or any portion
22 thereof be invested in Prohibited Investments.

23 For purposes of the initial implementation of the Plan and its programs and projects,
24 and to fund the allowable expenses under Sections 16 and 22 of this Act pending the accrual
25 of or availability of the Trust Income; the Committee is hereby authorized to use a portion of
26 the Trust Principal which shall in no case exceed ten percent (10%) of the amount
27 constituting the initial capital of the Trust Fund as provided under Section 8 hereof. Other
28 than as otherwise provided in this Section, only the Trust Income shall be used by the

1 Committee for the purposes allowed under this Act, including any and all amount required
2 or allocated for the implementation of the Plan. Allocation and utilization of the Trust
3 Income by the Committee shall be based solely on the funding requirements established or
4 provided under the Plan.

5 **SEC. 10. *Designation of Trustee Bank/s.*** — Any law to the contrary notwithstanding,
6 the Committee shall designate the reputable depository bank/s, which shall (i) manage,
7 utilize and account for the Trust Fund in the manner and within the parameters set forth by
8 the Committee, and (ii) exercise the tasks, functions and duties determined and established
9 by the Committee. For the avoidance of doubt, the Committee shall not be limited to
10 government depository banks but may designate private depository bank/s provided that said
11 private bank/s are domestic banks whose long term local currency rating is at least that of a
12 GOP.

13 IV

14 **The Coconut Farmers and Industry Fund Committee**

15 **SEC. 11. *Creation of the Coconut Farmers and Industry Fund Committee.***—There is
16 hereby created the Coconut Farmers and Industry Fund Committee which shall be attached
17 to the Office of the President.

18 The Committee shall have the following powers and functions:

- 19 (1) Implement the Coconut Farmers and Industry Development Plan for the
20 development of the coconut industry and the coconut farmers;
- 21 (2) Identify the Coconut Levy Assets for disposition and arrange for the transfer to the
22 National Government and/or to the Privatization and Management Office for
23 privatization or disposition;
- 24 (3) Formulate and amend from time to time the Investment Guidelines: *Provided,*
25 That, no funds shall be invested in Prohibited Investments.
- 26 (4) Designate the depository bank/s that will receive, hold, and administer the Trust
27 Fund, or any portion thereof;

- 1 (5) Make, approve, or disapprove, any and all disbursements or expenditures of the
2 Trust Income or any portion thereof in accordance with this Act;
- 3 (6) Appoint and procure fund managers in such number as it deems necessary to
4 manage the investments of the Trust Fund;
- 5 (7) Establish mandatory as well as indicative guidelines for the conservation,
6 rehabilitation, and disposition of the Coconut Levy Assets by the PMO;
- 7 (8) Approve or disapprove, subject to the availability of funds for such purpose, the
8 rehabilitation of Coconut Levy Assets pending their disposition by the PMO with the
9 approval of the Committee: *Provided*, That the budget for each rehabilitation project
10 shall likewise be approved by the Committee;
- 11 (9) Approve, or disapprove, on behalf of the National Government and without need of
12 any further approval by, or other action from any other government institution or
13 agency, the sale or disposition of the Coconut Levy Assets identified for disposition or
14 privatization, in each case on terms and to purchasers recommended by the PMO:
15 *Provided*, That neither the Committee itself, nor any of its members, shall undertake the
16 marketing of any such assets, participate in the negotiation for their sale, or make the
17 sale itself, nor yet bring about any situation which may give rise to a conflict of interest;
- 18 (10) Exercise on behalf of the National Government all rights and incidents of
19 ownership with respect to such assets, including the right to vote, whether directly or
20 through duly authorized nominees, shares of stock held in the name of the National
21 Government;
- 22 (11) Approve and revise, from time to time, the financial requirements of the PMO in
23 relation to its functions set forth in this Act, including its annual budget for operations,
24 conservation, management and disposition of the Coconut Levy Assets transferred and
25 entrusted under its care;
- 26 (12) Appoint, transfer, remove, and fix the remuneration of, personnel of the
27 Committee; and

1 (13) Exercise such other incidental powers and functions as may be necessary to attain
2 the objectives of this Act.

3 **SEC. 12. *Composition.*** – The Committee shall be composed of the Director-General of
4 the National Economic and Development Authority as Chairman, the Secretary of Finance
5 as Vice-Chairman, with the following as members: the Secretary of Justice, Secretary of
6 Agriculture, the Secretary of the Governance Commission for GOCCs, Administrator of the
7 Philippine Coconut Authority, Chairman of PCGG, the National Treasurer, two (2)
8 representatives from the private sector who shall have extensive experience and proven
9 expertise in finance, banking and trust management, and six (6) representatives of duly
10 accredited coconut farmers' organizations: *Provided, That,* the Chairman of PCGG and the
11 National Treasurer shall be non-voting members.

12 The six (6) representatives from the coconut farmers' organizations shall be appointed
13 by the President from the list of nominees submitted jointly by the PCA and the National
14 Anti-Poverty Commission (NAPC), which nominees shall be chosen from private
15 organizations of coconut farmers, determined and accredited by the PCA under the criteria
16 of having the largest membership of coconut farmers, pursuant to an accreditation process to
17 be implemented by PCA under Section 24 of this Act.

18 The two (2) representatives from the private sector shall be appointed by the
19 President upon recommendation of the Secretary of the Department of Finance, who shall
20 each serve for a term of one (1) year.

21 The representatives from the coconut farmers organizations shall serve for a term of
22 three years. Of those first appointed, two (2) representatives shall serve for three (3) years,
23 two (2) representatives shall serve for two (2) years, and the other two (2) representatives
24 shall serve for one (1) year.

25 Any appointment to fill the vacancy in the Committee arising from the, removal,
26 retirement or resignation shall be made only for the unexpired term.

1 **SEC 13. Executive Director of the Committee.** – The President, upon recommendation
2 of the Committee, shall appoint an Executive Director who shall have the following powers
3 and functions:

- 4 a) Execute, administer and implement the plans and programs approved or promulgated by
5 the Committee;
- 6 b) Submit for the consideration of the Committee such plans and programs deemed
7 necessary to carry out the provisions and purposes of this Act;
- 8 c) Direct and supervise officials, employees, representatives and agents for the
9 Committee;
- 10 d) Prepare an annual report on the activities of the Committee at the close of each fiscal
11 year and to submit a copy thereof to the President and Congress;
- 12 e) Keep and maintain official records and reports of the proceedings of the Committee,
- 13 f) Administer oaths in all matters falling within the jurisdiction of the Committee; and
- 14 g) Exercise such other duties as may be vested by the Committee that are consistent with
15 the provisions of this Act.

16 **SEC. 14. Meetings.** The Committee shall meet as frequently as may be necessary and
17 expedient to discharge its responsibilities: *Provided*, That it shall meet at least once a month.
18 The presence of at least a majority of the members of the Committee shall constitute a
19 quorum, and the concurrence of a majority of the members present at a meeting at which a
20 quorum exists shall be adequate for any decision by the Committee: *Provided*, That, where
21 the matter involves the approval of (i) any disposition or privatization proposal involving
22 more than Five Hundred Million Pesos (Php500,000,000.00), (ii) any proposed investment
23 involving more than One Hundred Million Pesos (Php100,000,000.00), and (iii) the
24 utilization of the Trust Income in amounts exceeding One Hundred Million Pesos
25 (Php100,000,000.00), the approval of at least a majority of all voting members of the
26 Committee shall be required.

27 **SEC. 15. Legal Counsel.**—The Secretary of Justice shall be the *ex officio* adviser to the
28 Committee on legal matters.

- 1 a) poverty alleviation and social equity;
- 2 b) sustainable and increased productivity of small coconut farmers;
- 3 c) full-scale rehabilitation of the coconut industry and promotion of coconut-based farm
- 4 systems;
- 5 d) modernization of the coconut industry towards global competitiveness; and
- 6 e) protection of small coconut farmers and farm workers from unfair competition.

7 The Plan shall set the directions and policies for the rehabilitation and development of
8 the coconut industry, including the identification of Coconut Levy Assets that need to be
9 retained by the National Government in order to support said rehabilitation and
10 development.

11 The Plan shall provide an indicative funding requirement or allocation for the
12 implementation of any and all of the programs and projects included therein, which funding
13 or allocation shall be itemized or broken down on a project-to-project basis: *Provided, That,*
14 (i) for projects which are recurring, or to be implemented on a regular basis, the allocation
15 shall indicate the annual fund that may be required to implement said project; and (ii) for
16 projects that are to be implemented or concluded within a period of time, the allocation shall
17 indicate the total fund that may be required for the implementation of the whole project,
18 itemized according to the phases or stages of said project.

19 The Plan shall be submitted to the President for approval, subject to Section 28 of this
20 Act. Immediately upon the approval of the President, the same shall be submitted to the
21 Committee for implementation of the disbursements from the Trust Income, or to the extent
22 allowed under Section 9, from the Trust Principal, of the amount required for the
23 implementation of the Plan.

24 Any and all amendments to the Plan shall be with the prior approval of the President.

25 VI

26 Privatization of the Coconut Levy Assets

27 **SEC. 18.** *Privatization of the Coconut Levy Assets.* — The Committee shall determine
28 the Coconut Levy Assets, identified by the COA pursuant to Section 5, which need to be

1 privatized and which should be retained by the National Government to support the coconut
2 farmers and the development of the coconut industry. All Coconut Levy Assets identified
3 by the Committee for privatization shall be transferred to the Privatization and Management
4 Office according to Section 19 hereof. Coconut Levy Assets identified by the Committee
5 for retention and use of the National Government shall be transferred to the appropriate
6 government agency that will use, manage or otherwise take custody of the said assets.

7 **SEC. 19. *Additional Mandate of the Privatization and Management Office (PMO).***—In
8 addition to its powers, duties and functions under Executive Order No. 323 dated December
9 6, 2000, the PMO, shall, for and in behalf of the National Government, take title to and
10 possession of, conserve, provisionally manage, and dispose of the Coco Levy Assets which
11 have been identified for privatization and disposition.

12 In the discharge of its mandate, the PMO is hereby empowered to implement the
13 marketing and disposition program of the Coco Levy Assets; to execute and deliver, on
14 behalf of the National Government, deeds of sale, contracts, trust instruments, and other
15 legally operative documents as may be necessary or appropriate to convey title to, take
16 possession of, and conserve, such assets; to engage external expertise as may be necessary in
17 the fulfillment of its tasks under this Act; to adopt internal rules and regulations in relation
18 to the marketing and disposition of the Coconut Levy Assets; and to submit periodic reports
19 to the Committee on the status of the disposition program.

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

22 **SEC. 20. *Powers of the Privatization and Management Office.***—The PMO is hereby
23 accorded discretionary powers with regard to the preparation of the privatization plans and
24 policies of the Coconut Levy Assets transferred to it. The PMO is empowered to enter into
25 sales through public bidding, negotiated sale, lease, or any form of divestment or
26 transmission of rights over the Coconut Levy Assets, including a partnership with the
27 private sector in the management or operation of these Coconut Levy Assets prior to actual
28 sale or disposition.

1 In case of corporations transferred to the PMO, pursuant to the implementation of the
2 privatization program for the Coconut Levy Assets, the PMO is empowered to dissolve,
3 consolidate, or merge said corporations, subject to the provisions of Section 31 of Republic
4 Act 10149.

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

7 (i) require any one or more of the subject corporations to adopt and implement cost-
8 reduction measures to enhance the viability, and therefore the disposability of such
9 corporations, to potential buyers, including measures requiring personnel retrenchment
10 plans or other forms of corporate downsizing;

11 (ii) direct any one or all of the subject corporations to submit to the PMO, within fixed
12 time-tables, such reports and information as the PMO may require in the exercise of its
13 ownership, administrative, and disposition over such corporations or their assets; and

14 (iii) cause the subject corporations to undergo rehabilitation, merger, consolidation,
15 spin-off, or other corporate acts of reformatory nature as it may deem necessary or
16 desirable to expedite the disposition and privatization under this Act.

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

19 **SEC. 21. Committee to Determine Transfer Value.**—The Committee is hereby vested
20 with full and complete powers and prerogatives to determine transfer values and related
21 valuations at which the Coconut Levy Assets shall be transferred and conveyed to the PMO
22 pursuant to the mandate of this Act and upon reasonable consultation with the COA or a
23 third-party appraiser: *Provided*, That any valuation approved by the Committee for purposes
24 of the transfer to the PMO shall not be deemed a condonation, waiver, or extinguishment of
25 any obligation by any third party whose vested rights may be impaired by such transfer.

26 **SEC. 22. Reimbursement and Retention.**—In order to fulfill its additional mandate
27 under this Act, the PMO shall be reimbursed for actual reasonable expenses incurred in the
28 management and disposition of the Coconut Levy Assets. Likewise, it shall be allowed to

1 retain commissions, due diligence fees and proceeds from the sale of assets according to
2 asset bidding rules, information memoranda and similar documents, as well as a portion or
3 percentage of proceeds from disposition efforts, all not to exceed ten percent (10%), to be
4 approved by the Committee. Such amount shall be utilized for the payment of fees and
5 reimbursable expenses and of the costs and expenses incurred by the PMO in the
6 performance of its responsibilities under this Act.

7 **SEC. 23. *Remittance of Proceeds of Privatization.***—All proceeds or receipts from the
8 sale of Coconut Levy Assets, except portions thereof for reimbursable custodianship and
9 operational expenses, or such amount approved by the Committee to be retained by the
10 PMO under Section 21, shall be remitted to the Trust Fund.

11 **SEC. 24. *Reporting Requirements.***—The Committee shall, on a semi-annual basis,
12 submit to the President and to Congress a report on the status of disposition of the Coconut
13 Levy Assets, which shall include, among others, a description of the individual assets
14 disposed of, their purchasers thereof, the consideration received therefor, and the agreed
15 terms of payment.

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

21 VII

22 Miscellaneous

23 **SEC. 25. *Accreditation of Coconut Farmers.*** —Within thirty (30) days following the
24 date of effectivity of this Act, the PCA, in coordination with NAPC, shall formulate and
25 implement an accreditation program for coconut farmers' organizations in order to
26 determine the legitimate coconut farmers' organizations from which nominees may be
27 drawn for purposes of comprising the requisite seats in the Committee pursuant to Section
28 12 of this Act. The PCA shall, after determining the six (6) coconut farmers organizations

1 having the largest membership of coconut farmers in accordance with this accreditation
2 process, shall submit to the President the list of nominees to be appointed as coconut
3 farmers' representatives in the Committee.

4 **SEC. 26. *Applicability of Republic Act No. 10149 and Executive Order 323.*** - In case
5 of doubt in the interpretation of the provisions of this Act, the provisions of Republic Act
6 No. 10149 otherwise known as the "GOCC Governance Act of 2011" and Executive Order
7 323 or "Constituting an Inter-Agency Privatization Council (PC) and Creating A
8 Privatization and Management Office (PMO) Under The Department of Finance For The
9 Continuing Privatization of Government Assets and Corporations" shall apply suppletorily.

10 **SEC. 27. *Implementing Rules and Regulations.*** - Within ninety (90) days from the date
11 of effectivity of this Act, the Committee, in consultation with the PMO, shall formulate the
12 rules and regulations for the proper implementation of this Act.

13 **SEC. 28. *Congressional Oversight.*** - The Congressional Oversight Committee on
14 Agricultural and Fisheries Modernization (COCAFAM) shall exercise oversight on the
15 implementation of this Act. The COCAFAM shall have the following functions:

- 16 a) Monitor and ensure the proper implementation of this Act;
17 b) Assess and endorse the draft Coconut Farmers and Industry Development Plan for the
18 President's approval and ensure its proper implementation;
19 c) Monitor and review the performance of the Committee and the PMO; and
20 d) Perform such other functions as may be necessary.

21 **SEC. 29. *Separability Clause.***- If any provision of this Act is declared invalid or
22 unconstitutional, the other provisions not affected by such declaration shall remain in full
23 force and effect.

24 **SEC. 30. *Repealing Clause.*** - All laws, executive and administrative order, rules and
25 regulations inconsistent with the foregoing provisions are hereby amended accordingly.
26 Executive Order No. 277, s. of 1995, Executive Order No. 481, s. of 1998, Executive Order
27 No. 482, s. of 1998 and Executive Order No. 313, s. of 2000 are hereby repealed.

1 **SEC. 31. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its
2 complete publication in the *Official Gazette* or in two (2) newspapers of general circulation.

Approved,