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OF THE PHILIPPINES )  
Second Regular Session )

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SENATE  
S.B. No. 2467

Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

**AN ACT TO SPUR RURAL DEVELOPMENT IN THE COCONUT SECTOR BY ESTABLISHING  
THE COCONUT FARMERS' TRUST FUND, PROVIDING FOR THE MANAGEMENT  
THEREOF, AND FOR OTHER PURPOSES**

**EXPLANATORY NOTE**

For more than forty years, the coconut farmers have long been fighting for their rights – not just to have access to the Coco Levy – but their right to have the opportunity to develop their industry, and provide better lives for their families and communities as well.

The immense potential of the coconut industry to be a great contributor to the Philippines is largely untapped. With the advancement of farming technology and intercropping, there is a huge possibility to harness the coconut industry to address increasing demands and offer coco fiber, water, and oil, among others to new markets.

It is high time to change its narrative from one of the poorest sector in the country to a great economic driver and source of pride of the Filipino people.

This bill proposes to build the Coconut Levy Trust Fund for the growth of the industry and ultimately, for the benefit of the small coconut farmers and workers all over the country.

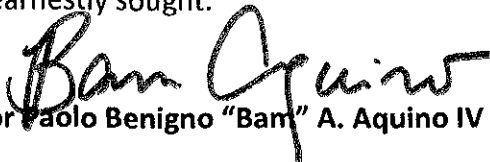
The proposal includes the financing of programs for the increased productivity of coconut farms, capacity building of farmers, research and development of coconut-based enterprises, and implementation of poverty-alleviation programs.

The goal is to rehabilitate and revitalize the industry to stimulate production and attract investments that will make it again a viable, profitable and sustainable endeavor. The proposal seeks to modernize the farmers and stakeholders to make coconut production globally competitive and become a vital source of economic income for the country.

The challenge of inclusive growth is that as the Philippines grows, every Filipino should grow as well. This means that every family, every sector, and even the poor and marginalized should be able to experience this growth.

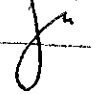
It is thus urgent and important to provide the coconut farmers the enabling environment and proper opportunity to thrive and flourish, and be able to participate in building this nation.

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

  
Senator Paolo Benigno "Bam" A. Aquino IV

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

1           **SECTION 1. *Short Title.*** – This act shall be known as the "Coconut Farmers' Trust Fund  
2 Act".

3           **SECTION 2. *Declaration of Policy.*** – It is hereby declared the policy of the State to  
4 consolidate the benefits due to coconut farmers, especially the poor and marginalized, under  
5 various statutes and to expedite the delivery thereof in order to attain a balanced, equitable,  
6 integrated and sustainable growth and development of the coconut industry.

7           **SECTION 3. *Constitution of the Coconut Farmers Trust Fund.*** – Pursuant to the  
8 provisions of the Presidential Decrees and other issuances creating the coconut levy trust fund  
9 and in line with the decisions of the courts affirming the trust character of the fund, there is  
10 hereby constituted an irrevocable trust fund, to be known as the Coconut Farmers Trust Fund  
11 (herein referred to as the "Trust Fund"), which shall be capitalized, managed, utilized and  
12 accounted for in the manner  
13 hereinafter provided.

14           **SECTION 4. *Purpose of the Trust Fund.*** – The Fund shall be established for the  
15 development of the coconut industry for the ultimate benefit of the small coconut farmers and  
16 farm workers. Its purpose shall include the financing of programs or assistance for the benefit

1 of the coconut farmers, increased productivity of the coconut industry, and development of  
2 coconut-based enterprises and other anti-poverty programs.

3       **SECTION 5. *Initial Capitalization of the Trust Fund.*** The Coconut Industry Investment  
4 Fund – San Miguel Corporation (CIIF-SMC) block of shares, starting with the proceeds of the  
5 Series 1 preferred shares together with all dividends declared, paid or issued thereon, as well as  
6 any increments thereto, and all other available funds shall form the initial capital of the Trust  
7 Fund. The government shall reconvey the aforesaid proceeds, dividends and increments  
8 thereto to the Trust Fund Committee created under Section 9, under such terms and conditions  
9 consistent with this Act.

10       Nothing in this Act shall be understood to prevent or prohibit any person, group or  
11 entity from conveying to the Committee other properties and/or additional assets which shall  
12 form part of the initial capitalization of the Trust Fund.

13       **SECTION 6. *Extent of the Trust Fund.*** – The Trust Fund shall be composed of the  
14 following:

- 15       (a) Initial capitalization as provided in Section 5;
- 16       (b) Such other properties and/or assets intended for the purpose herein stated, and  
17 conveyed or transferred to the Committee emanating from all coco levy recovered assets; and,
- 18       (c) Grants, donations and other lawful transfers by public or private entities.

19       **SECTION 7. *Perpetual Nature of the Trust Fund.*** – In order to ensure an enduring  
20 character of the Fund and for maximum benefits of the coconut farmers and the industry, it  
21 shall be managed and administered in a prudent manner consistent with its character as a  
22 perpetual fund:

23       (a) The principal shall be perpetually maintained and preserved. For this purpose, the  
24 principal is defined as all recovered coco levy assets including their dividends which shall be  
25 managed to generate income and/or interest. The principal may be augmented by grants,  
26 donations and other lawful transfers by public or private entities;

27       (b) In the event that any property or asset of the Trust Fund (or any portion hereof, as  
28 the case may be) is subsequently sold, alienated or disposed of, the proceeds and revenues  
29 arising out of and realized from such sale, alienation or dispositions, shall form part of the  
30 principal;

- 1 (c) Only the income, interest earnings  
2 (d) and monetary benefit realized by and accruing on the principal shall be used for  
3 programs and/or projects and disposed of by the Committee for such purposes and endeavors  
4 specific under the provisions of this Act.

5 **SECTION 8. *Designation of Trustee Bank/s.*** – The Committee shall designate reputable  
6 depository bank/s of the Trust Fund, which shall:

7 (a) Manage, utilize and account for the Trust Fund or a portion thereof in the manner  
8 hereinafter provided by the Committee, and

9 (b) Exercise the tasks, functions and duties determined and established by the  
10 Committee created under the provisions of this Act, to the extent allowed under applicable  
11 laws.

12 **SECTION 9. *The Coconut Farmers Trust Fund Committee.*** – A Coconut Farmers Trust  
13 Fund Committee is hereby created under the Office of the President for the management and  
14 administration of the trust fund and the disposition and the utilization of the earnings and  
15 incomes thereof for the development of the coconut industry and ultimate benefit of the small  
16 coconut farmers and farm workers.

17 The Coconut Farmers Trust Fund Committee (herein referred to as the “Committee”)  
18 shall be composed of the President of the Philippines sitting as its chairperson, and fourteen  
19 (14) other members, as follows:

20 (a) Four (4) representatives from the government, who shall be the Secretary of  
21 Agriculture, Secretary of Finance, Secretary of the National Anti-Poverty Commission, and  
22 Director General of the National Economic and Development Authority;

23 (b) Two (2) representatives from the finance and banking sector, who must have  
24 extensive experience and proven expertise in finance, banking and trust management;

25 (c) Six (6) representatives from coconut farmers’ organizations which have considerable  
26 experience and reputable track record; and,

27 (d) Two (2) representatives from civil society organizations with focus on uplifting the  
28 small coconut farmers and the industry, and which have considerable experience and reputable  
29 track record;

30 The nominees of the coconut farmers’ organizations and the civil society organizations  
31 shall be validated and shortlisted by the National Anti-Poverty Commission.

1 A Vice Chair and the members of the Committee shall be appointed by the President.

2 With the exception of the President and the government representatives whose  
3 position in the Committee is co-terminus with their respective terms in office, the members of  
4 the Committee shall each hold a term of three (3) years and can only be reappointed once.

5 **SECTION 10. *Functions and Responsibilities of the Committee.*** – To ensure that the  
6 benefits and gains arising out of the Trust Fund directly redound to, and are received by, the  
7 small coconut farmers and farm workers, the Committee shall:

- 8 (a) Decide on the disposition, utilization and allocation of the said funds and assets, in  
9 consultation with the coconut farmers, for the following special purposes:
- 10 i. increase in the productivity of small coconut farmers through sustainable  
11 means;
  - 12 ii. rehabilitation of the coconut industry and promotion of coconut-based farm  
13 systems;
  - 14 iii. establishment of coconut-based enterprises and modernization towards  
15 global competitiveness;
  - 16 iv. other poverty alleviation and social equity programs.
- 17 (b) Set the investment and asset management policy of the Trust Fund in consideration  
18 of all existing coconut industry development studies and plans consistent with the  
19 purposes of this Act. The said asset management policy shall include an immediate  
20 evaluation of all reconveyed assets, determine its usefulness to the coconut farmers  
21 and the industry, and recommend the appropriate disposition thereof if necessary;
- 22 (c) Periodically review the established priorities for the preferential assistance to small  
23 coconut farmers and farm workers, revised as necessary in accordance with  
24 changing conditions;
- 25 (d) Formulate the rules and regulations governing the allocation, utilization and  
26 disbursements of the Fund;
- 27 (e) Form a Secretariat that would provide staff work and serve the needs of the  
28 Committee for the purposes stated in this Act;
- 29 (f) Monitor implementation and exercise oversight functions;
- 30 (g) Perform such other acts necessary, proper or conducive to attain the purposes of  
31 the Fund.

1           **SECTION 11. *Operating Budget.*** – The operating budget of the Committee and its  
2 Secretariat shall be sourced out from a portion of the interest earnings of the principal which  
3 shall not exceed ten percent (10%) of the amount of projects and programs for  
4 implementation.

5           **SECTION 12. *Implementing Agencies.*** – The Committee may call upon any department,  
6 bureau, office, agency and instrumentality of the government of the Republic of the Philippines,  
7 including government-owned and controlled corporations, such as the Philippine Coconut  
8 Authority, the Department of Agriculture, Department of Science and Technology, Department  
9 of Energy to implement identified programs and projects.

10           **SECTION 13. *Message of the Committee.*** – The Committee shall meet at least once a  
11 month, or as often as deemed necessary by the Chairperson.

12           **SECTION 14. *Annual Accounting and Audit.*** The Committee shall maintain appropriate  
13 records and accounts of all investments, receipts, disbursements and other transactions  
14 relating to the management and administration of the Trust Fund and disposition of the Trust  
15 Income.

16           The Trust Fund and Trust Income shall be audited annually by the Commission on Audit.

17           **SECTION 15. *Reconveyance.*** The Presidential Commission on Good Government, the  
18 Office of the Solicitor General and other appropriate government instrumentalities are hereby  
19 directed to take all the necessary steps to reconvey all recovered coconut levy funds and assets  
20 to the Committee.

21           **SECTION 16. *Repealing Clause.*** – All laws, rules and regulations, other issuances or parts  
22 thereof, which are inconsistent with this Act, are hereby repealed or modified accordingly.

23           **SECTION 17. *Effectivity.*** – This Act shall take effect fifteen (15) days after its complete  
24 publication in the *Official Gazette* or in at least two (2) national newspapers of general  
25 circulation.

26           Approved,