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Office of the Secretary

SIXTEENTH CONGRESS OF THE REPUBLIC )  
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SENATE  
P. S. Res. No. 1492

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Introduced by Senator Maria Lourdes Nancy S. Binay

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**RESOLUTION**  
**DIRECTING THE APPROPRIATE SENATE COMMITTEES TO CONDUCT AN**  
**INQUIRY, IN AID OF LEGISLATION, ON THE TRANSFER, RECONVEYANCE**  
**AND PRIVATIZATION OF COCO LEVY ASSETS AND THE UTILIZATION OF**  
**COCO LEVY FUNDS**

**WHEREAS**, the Philippine Constitution mandates that all money collected on any tax levied for a special purpose shall be treated as a special fund and paid out for such purpose only<sup>1</sup>;

**WHEREAS**, the Philippine Coconut Authority (PCA) is the government agency vested with the powers and functions to implement coconut levy laws, collect, disburse and use coco levy funds. It is mandated to promote the rapid integrated development and growth of the coconut and other palm oil industry in all its aspects and to ensure that the coconut farmers become direct participants in, and beneficiaries of, such development and growth<sup>2</sup>;

**WHEREAS**, the Supreme Court, in the case of Pambansang Koalisyon ng mga Samahang Magsasaka at Manggagawa sa Niyugan (PKSMMN) vs. Executive Secretary<sup>3</sup>, recognized the power of the PCA to allocate, use and disburse coco levy funds;

**WHEREAS**, in Republic vs. COCOFED<sup>5</sup>, the Supreme Court characterized coco levy funds as public funds and explained that akin to sugar levy funds, coco levy funds are special public funds acquired through the taxing and police powers of the State;

**WHEREAS**, the President has issued Executive Order Nos. (EO) 179 and 180 on March 18 2015, providing for the administrative guidelines for the inventory, privatization, reconveyance and utilization of coco levy assets;

**WHEREAS**, under EOs 179 and 180, coco levy funds shall be remitted to the General Fund and shall be released to the implementing agencies subject to the approval of the President;

**WHEREAS**, in PKSMMN vs. Executive Secretary<sup>6</sup>, the Supreme Court declared as invalid the transfer of the power to allocate, use, and disburse coco levy funds that P.D. 232 vested in

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<sup>1</sup> Sec. 29 (3), Art. VI of the 1987 Philippine Constitution.

<sup>2</sup> Presidential Decree 232 and 1468.

<sup>3</sup> G.R. Nos. 147036-37, April 10, 2012.

<sup>5</sup> G.R. No. 147062-64, December 14, 2001.

<sup>6</sup> Supra [citation 3].

the PCA without legislative authorization. An executive order cannot repeal a presidential decree which has the same standing as a statute enacted by Congress;

**WHEREAS**, in June 2015, the Supreme court issued a temporary restraining order (TRO), against the implementation of EOs 179 and 180<sup>7</sup>;

**WHEREAS**, according to the Presidential Commission on Good Government, coco levy assets are worth a total of P93 billion. The assets include the government's 73.9% stake in United Coconut Planters Bank which is being targeted for sale on September 18<sup>8</sup>;

**WHEREAS**, the treatment of coco levy assets and funds as well as its transfer to the general fund through EOs 179 and 180, in the guise of benefiting coconut farmers and the entire coconut industry, is akin to the Disbursement Acceleration Program (DAP) that reeks of illegal and unconstitutional diversion of public property by the executive for personal political purposes; and

**WHEREAS**, according to PCA data, the coconut industry is a dominant sector of Philippine agriculture. Out of the 12 million hectares of farmlands, 3.1 million hectares are devoted to coconut; 68 out of 79 provinces are coconut areas; there are 3.5 million coconut farmers and 25 million Filipinos are directly or indirectly dependent on the industry. The industry provides an annual average of 5.97% contribution to GVA and 1.14% to GNP and is among the top five net foreign exchange earners generating an average of US \$760M per year<sup>11</sup>;

**WHEREAS**, it is the duty of the Senate to protect the welfare of coconut farmers as well as the entire coconut industry, by enacting laws that will ensure proper utilization and prevent misuse of coco levy assets and funds;

**NOW, THEREFORE, BE IT RESOLVED BY THE SENATE**, as it is hereby resolved, to direct the appropriate Senate committees to conduct an inquiry, in aid of legislation, on the transfer, reconveyance and privatization of coco levy assets and the utilization of coco levy funds.

Adopted,



MARIA LOURDES NANCY S. BINAY  
Senator

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<sup>7</sup> BusinessWorld online, Court stops coco levy asset sale, <http://www.bworldonline.com/content.php?section=TopStory&title=court-stops-coco-levy-asset-sale&id=110671>.

<sup>8</sup> Ibid.

<sup>11</sup> PCA website, <http://www.pca.da.gov.ph/magnitude.html>.