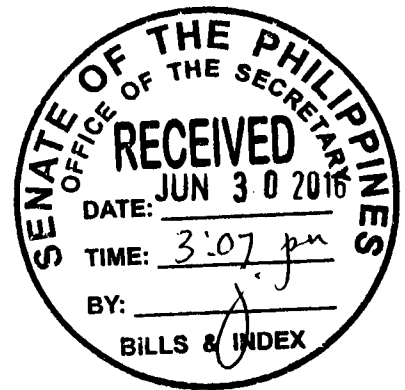


64
SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE

S. No. 64

Introduced by Senator Ralph G. Recto

AN ACT
PROVIDING FOR THE DISPOSITION OF THE COCONUT LEVY ASSETS BY THE
PRIVATIZATION AND MANAGEMENT OFFICE, CREATING THE COCONUT INDUSTRY
FUND COMMITTEE, AND PROVIDING FOR THE MANAGEMENT, INVESTMENT, AND
USE OF PROCEEDS OF SUCH ASSETS FOR AND IN BEHALF OF THE COCONUT
FARMERS AND FOR OTHER PURPOSES

Explanatory Note

Various laws were enacted imposing a levy on coconut products. Republic Act No. 6260 imposed the first levy on coconut farmers in 1971. The levies collected from the coconut farmers, for which they were issued receipts to be converted into shares of stock, were primarily used to establish the Coconut Investment Fund (CIF). The CIF sought to provide adequate medium and capital investment in the coconut industry. Presidential Decree (P.D.) No. 232 created the Philippine Coconut Authority (PCA), which took over the collection of the coco levy.

By 1973, abnormal global market fluctuations for fats and oils prompted the issuance of P.D. No. 276, which established a Coconut Consumers Stabilization Fund (CCSF). The CCSF which was funded by imposing an initial levy of P15.00 per 100 kilos of *copra resicada* or its equivalent on every first sale, shall be utilized to subsidize the sale of coconut-based products. By April of 1974, P.D. No. 414 granted the PCA additional powers such as the authority to adjust the levy imposed. It also expanded the use of the CCSF for investment, research and development, and extension of services to the coconut industry.

A few months after, P.D. No. 582 created the Coconut Industry Development Fund (CIDF). The CIDF, unlike the CCSF, is a permanent fund, thereby making the collection of the coco levy permanent as well. The CIDF shall serve to finance the establishment, operation and maintenance of a hybrid coconut seed nut farm.

By July of 1975, P.D. No. 755 empowered PCA to acquire the United Coconut Planters Bank (UCPB) as a permanent solution to the perennial credit problems of the coconut industry. The said issuance also mandated that all CCSF collections to the UCPB shall be made interest free.

P. D. No. 961, which codified all laws pertaining to the coconut industry, provided a number of amendments to prior laws and issuances. The CCSF levy, for instance, was passed on to the end users (i.e. copra exporters and oil millers) from the coconut farmers. It also declared that both CCSF and CIDF shall be owned by coconut farmers in their own private capacities. By virtue of the said legislation, UCPB was granted full authority to make investments using the CIDF and CCSF surplus. P.D. No. 1468 also gave UCPB the sole right to administer the coco levy funds. Such mandate led to the creation of the Coconut Industry Investment Fund (CIIF).

The levy, primarily intended to insulate the local coconut industry and its consumers from global market fluctuations for fats and oils, further expanded over time by virtue of succeeding presidential decrees to provide funding for a comprehensive development program to enable the industry to compete in the international market. Such funds were then transferred to the CIDF and the CIIF. The CIIF was used to acquire the oil mills which now comprise the CIIF – Oil Mills Group (CIIF-OMG). The CCSF, along with the CIDF and the CIIF, constitute what is now known as the Coco Levy Funds.

Substantial collections have been accumulated from the imposition of the coco levy. By 1986, the Coco Levy Funds have amounted to as much as P9.7 Billion.

After forty five years since its establishment, the Coco Levy Funds is now estimated to be worth P100 Billion in aggregate market value, comprising various assets and entities such as the CIIF-OMG, including its 14 holding companies, as well as the UCPB, United Coconut Chemicals (Cocochem), United Coconut Planters International (UCPI), United Coconut Planters Assurance Corporation (Cocolife), and the shares of stocks in San Miguel Corporation (SMC) that are owned by the CIIF-OMG Companies.

To date, most if not all of the objectives for the creation of these funds have yet to be realized. Under sequestration by the Presidential Commission on Good Government (PCGG), the ownership of the assets acquired through the use of Coco Levy Funds remains in question. As a result, neither the coconut industry nor the public benefited from the Coco Levy Funds.

With regard to the ownership issue of the Coco Levy Funds, a partial summary judgment of the Sandiganbayan on the *Republic v. COCOFED, et. al.* (Civil Case No. 0033-F) dated May 7, 2004, stated that:

“WHEREFORE, in view of the foregoing, we hold that:

“The Motion for Partial Summary Judgment (Re: Defendants CIIF Companies, 14 Holding Companies and Cocofed, et al.) filed by Plaintiff is hereby GRANTED. ACCORDINGLY, THE CIIF, NAMELY:

1. Southern Coconut Oil Mills (SOLCOM);
2. Cagayan de Oro Oil Co., Inc. (CAGOIL);
3. Iligan Coconut Industries, Inc. (ILICOCO);
4. San Pablo Manufacturing Corp. (SPMC);
5. Granexport Manufacturing Corp. (GRANEX); and
6. Legaspi Oil Co., Inc. (LEGOIL),

“AS WELL AS THE 14 HOLDING COMPANIES, NAMELY:

1. Soriano Shares, Inc.;
2. ACS Investors, Inc.;
3. Roxas Shares, Inc.;
4. Arc Investors, Inc.;
5. Toda Holdings, Inc.;
6. AP Holdings, Inc.;
7. Fernandez Holdings, Inc.;
8. SMC Officers Corps, Inc.;
9. Te Deum Resources, Inc.;
10. Anglo Ventures, Inc.;
11. Randy Allied Ventures, Inc.;
12. Rock Steel Resources, Inc.;
13. Valhalla Properties Ltd., Inc.; and
14. First Meridian Development, Inc.

“AND THE CIIF BLOCK OF SAN MIGUEL CORPORATION (SMC) SHARES OF STOCK TOTALING 33,133,266 SHARES AS OF 1983 TOGETHER

DIVIDENDS DECLARED, PAID AND ISSUED THEREON AS WELL AS ANY INCREMENTS THERETO ARISING FROM, BUT NOT LIMITED TO, EXERCISE OF PRE-EMPTIVE RIGHTS ARE DECLARED OWNED BY THE GOVERNMENT IN TRUST FOR ALL THE COCONUT FARMERS AND ORDERED RECONVEYED TO THE GOVERNMENT.

“The aforementioned Partial Summary Judgment is now deemed a separate appealable judgment which finally disposes of the ownership of the CIIF Block of SMC Shares, without prejudice to the continuation of proceedings with respect to the remaining claims particularly those pertaining to the Cojuangco, et al. block of SMC shares.” (Underscoring supplied)

Furthermore, a Supreme Court decision on *Republic v. COCOFED et. al.* provides that:

xxx

The Supreme Court, in its decision dated January 24, 2012, upheld the aforementioned partial summary judgment of the *Sandiganbayan*, declaring that the six (6) CIIF-OMG companies, their 14 holding firms, and the CIIF-OMG block of SMC shares as “owned by the Government to be used only for the benefit of all coconut farmers and for the development of the coconut industry”. Hence, putting finality on the legal battles as to the ownership and nature of the Coco Levy Funds. The P57 Billion SMC shares were turned over to the National Treasury in the same year.

In March 18, 2015, Executive Order Nos. 179 and 180 were issued by the President to provide administrative guidelines for the inventory and privatization of coco levy assets and the use of the recovered funds from SMC shares. The implementation of these executive issuances however, was put on hold due to a Temporary Restraining Order (TRO) issued by the Supreme Court in the same year. Hence, the disposition of Coco Levy Funds remains unsettled. Therefore, a legislative action on the disposition of the Coco Levy Funds is warranted.

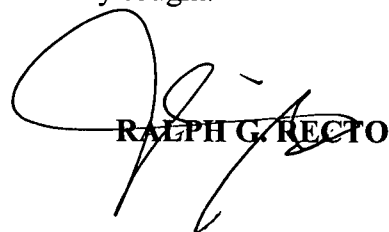
This measure mandates the Privatization and Management Office (PMO) to privatize all assets acquired through the use of the Coco Levy Funds. Upon privatization, the funds generated shall then be transferred to a Trust Fund to be known as the Coconut Industry Fund (CIF), to be created under this proposed legislation. It also allows the option of coconut farmers who contributed to the levy to redeem their certificate of shares of stocks through cash refund. The use and disposition of the funds shall be tasked to the Coconut Industry Fund Committee to be created by this bill. The Committee shall be led by the Director General of the National Economic and Development Authority (NEDA), and composed of government officials and industry representatives, including accredited coconut farmer organizations.

The Trust Fund shall be used to finance the immediate rehabilitation and development of the coconut industry, under a Coconut Industry Rationalization Plan, to be implemented by the Committee. The Rationalization Plan shall accelerate the development of the industry, to the utmost benefit of the coconut farmers throughout the country.

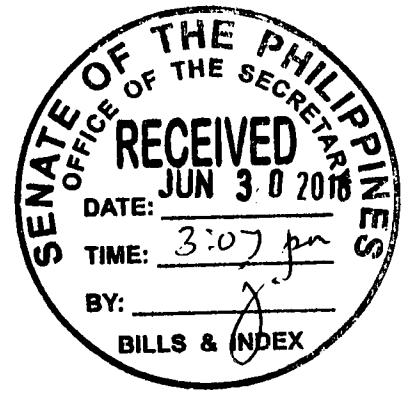
In order to expedite the rehabilitation and development of the coconut industry, the Trust Fund, to be earmarked as an escrow or special fund for the benefit of the coconut farmers and for the development of the coconut industry shall exist for a period of ten (10) years from the effectivity of this proposed measure. Thereafter, all remaining monies in the Trust Fund shall be reverted to the National Treasury,

Most of the coconut farmers during the time the levies were exacted are already approaching their twilight years and there is an urgent need for government to fulfill its promise that they be the ultimate beneficiaries of such funds.

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


RALPH G. RECTO

SEVENTEENTH CONGRESS OF THE)
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SENATE

S. No. 64

Introduced by Senator Ralph G. Recto

AN ACT
PROVIDING FOR THE DISPOSITION OF THE COCONUT LEVY ASSETS BY THE PRIVATIZATION AND MANAGEMENT OFFICE, CREATING THE COCONUT INDUSTRY FUND COMMITTEE, AND PROVIDING FOR THE MANAGEMENT, INVESTMENT, AND USE OF PROCEEDS OF SUCH ASSETS FOR AND IN BEHALF OF THE COCONUT FARMERS AND FOR OTHER PURPOSES

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

1 **SECTION 1. Short Title.** - This Act shall be known as the "Coconut Levy Assets Disposition Act of
2 2016".

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

I

Definition of Terms

9 **SEC. 3. Definition of Terms.** - The following terms shall mean:

10 (a) "CIIF" shall refer to the Coconut Industry Investment Fund created by virtue of
11 Presidential Decree 1468.

12 (b) "CIIF Holding Companies" shall refer to the fourteen (14) holding companies; namely:

- 13 i. Anglo Ventures Corporation
- 14 ii. ASC Investors, Inc.
- 15 iii. ARC Investors, Inc.
- 16 iv. AP Holdings, Inc.
- 17 v. Fernandez Holdings, Inc.
- 18 vi. First Meridian Development, Inc.
- 19 vii. Randy Allied Ventures, Inc.
- 20 viii. Rock Steel Resources, Inc.
- 21 ix. Roxas Shares, Inc.
- 22 x. San Miguel Officers Corp., Inc.

- 1 xi. Soriano Shares, Inc.
- 2 xii. Te Deum Resources, Inc.
- 3 xiii. Toda Holdings, Inc.
- 4 xiv. Valhalla Properties Limited, Inc.

5 (c) "CIIF SMC Block Shares" shall refer to the 753,848,312 preferred shares in San Miguel
6 Corporation (SMC), representing 27% of the total outstanding capital stock of SMC.

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

11 (e) "Coconut Levy Funds" shall refer to various funds generated from levies, taxes, charges,
12 and other fees exacted or imposed pursuant to or in connection with the sale of *copra rececada* or its
13 equivalent in other coconut products, and collected for the most part from coconut farmers, planters,
14 millers, refiners, processors, exporters, desiccators and other end-users of *copra rececada* or its equivalent
15 in other coconut products. Specifically, the term shall refer to any or all of the following:

- 16 i. The Coconut Investment Fund created under Republic Act No. 6260;
- 17 ii. The Coconut Consumers Stabilization Fund created under Presidential Decree No. 276;
- 18 iii. The Coconut Industry Development Fund created under Presidential Decree No.582;
- 19 iv. The Coconut Industry Stabilization Fund created under Presidential Decree No. 1841; and
- 20 v. The Coconut Industry Investment Fund created under Presidential Decree No. 1468.

21 (f) "Coconut Industry Rationalization Plan" or "Rationalization Plan" shall refer to the plan to
22 be prepared for the development and rehabilitation of the coconut industry.

23 (g) "Committee" shall refer to the Coconut Industry Fund Committee created under Section 11
24 of this Act.

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

30 (i) "PMO" shall refer to the Privatization and Management Office organized under Article III
31 of Executive Order No. 323 (S. 2001).

32 (j) "PCA" shall refer to the Philippine Coconut Authority, created under Presidential Decree
33 232 (S. 1973) as amended by Presidential Decree 1468 (S. 1978).

34 (k) "PCGG" shall refer to the Philippine Commission on Good Government, created under
35 Executive Order No. 1 (S. 1986).

36 (l) "President" shall refer to the President of the Republic of the Philippines.

37 (m) "Trust Fund" shall refer to the Coconut Industry Fund created under Section 5 of this Act.

1 (n) "Trust Income" shall refer to the income, interest earnings, and other monetary benefits,
2 realized by and accruing from the Trust Fund or any portion thereof.

3 (o) "Trust Principal" shall refer to the initial capitalization of the Trust Fund and any and all
4 proceeds of privatization of the Coconut Levy Assets remitted thereto by the Privatization and
5 Management Office, as provided under Section 7 of this Act.

6 II

7 Audit of Coconut Levy Assets

8 **SEC. 4. *Audit and Inventory of Coconut Levy Assets.*** - The Coconut Levy Assets shall be
9 privatized/disposed in accordance with this Act and as soon as practicable, the Commission on Audit
10 (COA), in coordination with the PCA and the PCGG shall conduct a complete accounting and inventory
11 of the Coconut Levy Assets. The audit is directed to determine and ascertain the amount, value,
12 description and nature of such funds, properties, assets, records, chooses in action, and other rights,
13 claims, or causes of action pertaining thereto.

14 Likewise, the COA shall conduct an audit of all investments, disbursements or expenditures arising
15 from Coconut Levy Funds and within one hundred twenty (120) days from the effectivity of this Act,
16 submit to the Committee its audit report, together with a complete list of Coconut Levy Assets and its
17 valuation, their empirical basis and the methodologies deployed.

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

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

23 III

24 Creation of the Coconut Industry Fund, its Purposes, and Utilization

25 **SEC. 5. *Creation of the Coconut Industry Fund.*** - There is hereby created an irrevocable trust fund
26 to be known as the Coconut Industry Fund (hereinafter referred to as the "Trust Fund") which shall be
27 capitalized, managed, utilized and accounted for in the manner provided by this Act.

28 The Trust Fund shall be earmarked or classified as an escrow or Special Fund for the benefit of the
29 coconut farmers and for the development of the coconut industry, for a period of ten (10) years from the
30 effectivity of this Act. Thereafter, and subject to Section 8 hereof, any and all monies in the Trust Fund
31 shall revert to the General Fund of the National Treasury.

32 **SEC. 6. *Purpose of the Trust Fund.*** - The Trust Fund shall be established for the purpose of
33 developing the coconut industry through the implementation of the Coconut Industry Rationalization
34 Plan, and for the implementation of programs for the benefit of the coconut farmers, as approved by the
35 Committee: *Provided*, That farmers who contributed to the levy and with existing certificate of shares of
36 stock, may be granted a cash refund equivalent to their contributions plus the corresponding interest
37 earnings should they opt to do so.

- 1 (7) Approve, or disapprove, on behalf of the National Government and without need of any
2 further approval by, or other action from any other government institution or agency, the
3 sale or disposition of such assets, which sale or disposition shall be conducted by the
4 PMO: *Provided*, That neither Committee itself, nor any of its members, shall undertake the
5 marketing of any such assets, participate in the negotiation for their sale, or make the sale
6 itself, nor yet bring about any situation which may give rise to a conflict of interest;
- 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 shall
10 likewise be approved by the Committee;
- 11 (9) Exercise on behalf of the National Government all rights and incidents of ownership with
12 respect to such assets, including the right to vote, whether directly or through duly
13 authorized nominees, shares of stock held in the name of the National Government;
- 14 (10) Approve and revise, from time to time, the financial requirements of the PMO in relation
15 to its functions set forth in this Act, including its annual budget for operations,
16 conservation, management and disposition of the Coconut Levy Assets transferred and
17 entrusted under its care;
- 18 (11) Appoint, transfer, remove, and fix the remuneration of, personnel of the Committee;
- 19 (12) Prepare the Rationalization Plan for the development of the coconut industry. The
20 Rationalization Plan shall include, among others, plans for coconut productivity and
21 investment programs, replanting, industry rehabilitation, scientific and medical research,
22 integrated downstream processing, and market promotion programs;
- 23 (13) Exercise such other incidental powers and functions as may be necessary to attain the
24 objectives of this Act.

25 **SEC. 11. Composition.** - The Committee shall be a collegial body composed of the Director-General
26 of the National Economic and Development Authority as Chairman, the Secretary of Finance as Vice-
27 Chairman, with the following as members: the Secretary of Justice, Secretary of Agriculture, the
28 Administrator of the Philippine Coconut Authority, one (1) representative from the private sector who
29 shall have extensive experience and proven expertise in finance, banking and trust management and three
30 (3) representatives of duly accredited coconut farmers' organizations;

31 The three (3) representatives from the coconut farmers' organizations shall be appointed by the
32 President from the list of nominees submitted jointly by the PCA and the National Anti-Poverty
33 Commission (NAPC), which nominees shall be chosen from private organizations of coconut farmers
34 determined and accredited by the PCA under the criteria of having the largest membership of coconut
35 farmers, pursuant to an accreditation process to be implemented by PCA under Section 23 of this Act.

36 The President, upon recommendation of the Committee, shall appoint an Executive Director who
37 shall have the following powers and functions:

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

12 The term of the Committee shall be coterminous with the term of the Trust Fund, which shall be
13 limited to a period of ten (10) years from the date of effectivity of this Act: *Provided*, That any
14 appointment to fill the vacancy in the Committee arising from death, removal, retirement or resignation
15 shall be made only for the unexpired term. Upon the lapse of the life of the Committee, all assets and
16 liabilities shall be assumed by the National Government, in accordance or consistent with Section 5 of this
17 Act.

18 **SEC. 12. Meetings.** - The Committee shall meet as frequently as may be necessary and expedient to
19 discharge its responsibilities: *Provided*, That it shall meet at least once every two (2) weeks. The
20 presence of at least a majority of the members of the Committee shall constitute a quorum, and the
21 concurrence of a majority of the members present at a meeting at which a quorum exists shall be adequate
22 for any decision by the Committee.

23 **SEC. 13. Legal Counsel.** - The Secretary of Justice shall be the *ex-officio* adviser to the Committee
24 on all legal matters.

25 **SEC. 14. Funding.** - The amount of thirty million pesos (Php 30,000,000.00) to cover expenses of the
26 Committee in connection with the discharge of its responsibilities under this Act, is hereby authorized,
27 and shall be charged against the current appropriation of the PMO, subject to Section 22 of this Act.
28 Subsequent annual expenses of the Committee shall be charged against the Trust Income: *Provided*, That
29 not more than three percent (3%) of the Trust Income shall be used for administrative expenses.

30 V

31 Coconut Industry Rationalization Plan

32 **SEC. 15. Submission and Implementation of the Coconut Industry Rationalization Plan.** - Within six
33 (6) months from the effectivity of this Act, the Committee shall submit the Rationalization Plan to the
34 President for approval. Immediately upon the approval of the President, the Committee shall approve
35 allocations from the Trust Fund to cover the expenses necessary for its implementation.

36 VI

37 Privatization of the Coconut Levy Assets

1 **SEC. 16. *Privatization of the Coconut Levy Assets.*** - All Coconut Levy Assets identified by the COA
2 pursuant to Section 5 shall be privatized in accordance with this Act.

3 **SEC. 17. *Additional Mandate of the Privatization and Management Office (PMO).*** - In addition to its
4 powers, duties and functions under Executive Order No. 323 dated December 6, 2000, the PMO, shall, for
5 and in behalf of the National Government, take title to and possession of, conserve, provisionally manage,
6 and dispose of the Coco Levy Assets which have been identified for privatization and disposition.

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

14 Any and all sales and other modes of privatization or disposition shall not be considered final unless
15 approved or ratified by the Committee.

16 **SEC. 18. *Powers of the Privatization and Management Office.*** - The PMO is hereby accorded
17 discretionary powers with regard to the preparation of the privatization plans and policies of the Coconut
18 Levy Assets transferred to it. The PMO is empowered to enter into sales through public bidding,
19 negotiated sale, lease, or any form of divestment or transmission of rights over the Coconut Levy Assets,
20 including a partnership with the private sector in the management or operation of these Coconut Levy
21 Assets prior to actual sale or disposition.

22 In case of corporations transferred to the PMO, pursuant to the implementation of the privatization
23 program for the Coconut Levy Assets, the PMO is empowered to dissolve, consolidate, or merge said
24 corporations.

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

- 26 (i) require any one or more of the subject corporations to adopt and implement cost-reduction
27 measures to enhance the viability, and therefore the disposability of such corporations, to
28 potential buyers, including measures requiring personnel retrenchment plans or other forms
29 of corporate downsizing;
- 30 (ii) direct any one or all of the subject corporations to submit to the PMO, within fixed time-
31 tables, such reports and information as the PMO may require in the exercise of its
32 ownership, administrative, and disposition over such corporations or their assets; and
- 33 (iii) cause the subject corporations to undergo rehabilitation, merger, consolidation, spin-off, or
34 other corporate acts of reformatory nature as it may deem necessary or desirable to
35 expedite the disposition and privatization under this Act.

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

1 the "GOCC Governance Act of 2011" and Executive Order 323 or "Constituting and Inter-Agency
2 Privatization Council (PC) and Creating A Privatization and Management Office (PMO) Under The
3 Department of Finance For The Constituting Privatization of Government Assets and Corporations" shall
4 apply suppletorily.

5 **SEC. 25. *Implementing Rules and Regulations.*** - Within ninety (90) days from the date of effectivity
6 of this Act, the Committee, in consultation with the PMO, shall formulate the rules and regulations for the
7 proper implementation of this Act.

8 **SEC. 26. *Separability Clause.*** - If any provision of this Act is declared invalid or unconstitutional,
9 the other provisions not affected by such declaration shall remain in full force and effect.

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

14 **SEC. 28. *Effectivity Clause.*** - This Act shall take effect fifteen (15) days after its complete
15 publication in the *Official Gazette* or in two (2) newspapers of general circulation.

Approved,