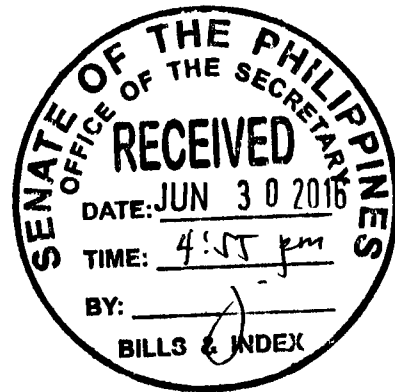


SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE

Senate Bill No. 139

Introduced by Senator Cynthia A. Villar

**AN ACT DECLARING THE COCONUT LEVY ASSETS AS A TRUST FUND,
PROVIDING FOR ITS MANAGEMENT AND UTILIZATION, AUTHORIZING THE
PRIVATIZATION AND MANAGEMENT OFFICE TO DISPOSE THE COCONUT
LEVY ASSETS, 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 called the coconut levy fund. (Dy and Reyes,2006)

The industry has been faced by various challenges including low productivity, limited intercropping, and high poverty in the ranks of coconut farmers. Yet, the coconut industry is a major agriculture player. According to latest data, coconut lands comprise 3.3 million hectares of the country's total farm area. This is even higher than the 2.5 million hectares devoted to rice and the 1.4 million hectares planted with corn.

With an average production of 40 nuts per hectare or 750 kg copra/hectare, coconut has the lowest farm value per hectare among crops. This is due to low yield, mono-cropping and underutilization of lands under the coconut tree. Gross return per hectare was at a dismal P32, 000 per farm per year.

Poverty is the face of the 3.3 million hectare of coconut areas. The Human Development Report showed that in regions where there are coconut areas the poverty incidence is

high. This is in the case of Bicol with 40.5% of the families were below the poverty line in 2003. This is the same situation in Eastern Visayas (33.5%), Zamboanga Peninsula (44.1%) and Caraga (47.3%). This is more evident on the provincial levels. Coconut farms are reportedly present in 69 out of 86 provinces and the coconut regions hosts the largest number of rural poor.

Yet coconut has the highest potential for growth through value adding, productivity enhancement, and diversification. If managed well it can jump start rural incomes and improve lives of many farmers at once.

Globally Philippine coconut can compete with other Philippine exports. A sound strategy for systematic industry development is long overdue. This can be done.

In view of this, the immediate passage of this bill is sought.


CYNTHIA A. VILLAR
Senator

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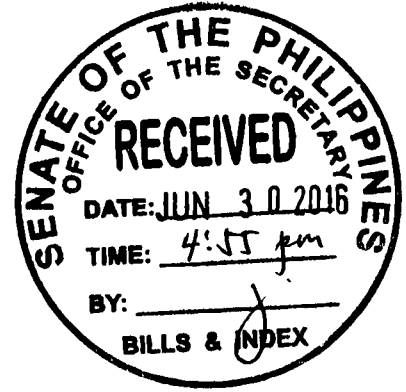
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SEVENTEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
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SENATE
S.B. No. 139

Introduced by Senator CYNTHIA A. VILLAR

AN ACT DECLARING THE COCONUT LEVY ASSETS AS A TRUST FUND, PROVIDING FOR ITS MANAGEMENT AND UTILIZATION, AUTHORIZING THE PRIVATIZATION AND MANAGEMENT OFFICE TO DISPOSE THE COCONUT LEVY ASSETS, AND FOR OTHER PURPOSES

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 and
2 Industry Development Act of 2015".

3 **SEC. 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,
5 under various statutes and to expedite the delivery thereof in order to attain a
6 balanced, equitable, integrated and sustainable growth and development of the
7 coconut industry.

8

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I

10

Definition of Terms

11

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

12

(a) "CNF" shall refer to the Coconut Industry Investment Fund created by virtue of
13 Presidential Decree 1468;

14

(b) "CNF - Oil Mills Group" shall refer to the CNF companies, namely, Southern
15 Luzon Coconut Oil Mills; Cagayan de Oro Oil Co. Inc.; Eligan Coconut Industries, Inc.;
16 San Pablo Manufacturing Corp.; Granexport Manufacturing Corp.; and Legaspi Oil Co,
17 Inc.;

18

(c) "CNF Holding Companies" shall refer to the fourteen (14) holding companies;
19 namely: Anglo Ventures Corporation; ACS Investors, Inc.; Arc Investors, Inc.; AP

1 Holdings, Inc.; Fernandez Holdings, Inc.; First Meridian Development, Inc.; Randy
2 Allied Ventures, Inc.; Rock Steel Resources, Inc.; Roxas Shares, Inc.; San Miguel
3 Officers Corp., Inc.; Soriano Shares, Inc.; Te Deum Resources, Inc.; Toda Holdings,
4 Inc.; and Valhalla Properties Limited, Inc.;

5 (d) "CNF SMC Block Shares" shall refer to the 33,133,266 shares of stock in San
6 Miguel Corporation (SMC), sequestered by the PCGG in April 1986 and representing
7 31% of the total outstanding capital stock of SMC;

8 (e) "Converted SMC 1 Preferred Shares" shall refer to that portion of the CNF SMC
9 Block Shares covering 753,848,312 preferred shares of stock in SMC and
10 representing 24% of the outstanding capital stock of SMC;

11 (f) "Coconut Levy Assets" shall refer to any and all kinds of property, whether real
12 or personal, tangible or intangible, wherever situated, which have been acquired
13 through the Coconut Levy Funds as defined in this Section, including those assets that
14 may be recovered in favor of the government, as well as the fruits, or income
15 therefrom, including those acquired in exchange or substitution thereof,

16 This shall include, among others, the following:

17 i. The 72.2% shares of United Coconut Planters Bank's (UCPB's)

18 outstanding capital stock;

19 ii. The CNF - Oil Mills Group;

20 iii. The CNF Holding Companies; and

21 iv. The CNF SMC Block Shares;

22 (g) "Coconut Levy Funds" shall refer to various funds generated from levies, taxes,
23 charges, and other fees exacted or imposed pursuant to or in connection with the sale
24 of *copra rececada* or its equivalent in other coconut products, and collected for the
25 most part from coconut farmers, planters, millers, refiners, processors, exporters,
26 desiccators and

27 other end-users of *copra rececada* or its equivalent in other coconut products.

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

29 i. The Coconut Investment Fund created under Republic Act No. 6260;

30 ii. The Coconut Consumers Stabilization Fund, later renamed as the Coconut
31 Industry Stabilization Fund, created under Presidential Decree No. 276;

32 iii. The Coconut industry Development Fund created under Presidential Decree No.
33 582;

34 v. The Coconut Industry investment Fund created under Presidential Decree No.
35 1468; and

36 vi. The Coconut Reserve Fund under Presidential Decree No. 1468 and
37 Presidential Decree No. 1842.

- 1 (h) "Committee" shall refer to the Coconut Farmers and Industry Trust Fund
2 Committee created under Section 11 of this Act;
- 3 (i) "PMO" shall refer to the Privatization and Management Office organized under
4 Article III of Executive Order No. 323 (S. 2001);
- 5 (j) "PCA" shall refer to the Philippine Coconut Authority, created under Presidential
6 Decree 232 (S. 1973) as amended by Presidential Decree 1468 (S. 1978);
- 7 (k) "PCGG" shall refer to the Presidential Commission on Good Government,
8 created under Executive Order No.1 (S. 1986);
- 9 (l) "Plan" shall refer to the Coconut Farmers and Industry Development Plan, to
10 be prepared under Section 17 of this Act;
- 11 (m) "President" shall refer to the President of the Republic of the Philippines;
- 12 (n) "Trust Fund" shall refer to the Coconut Farmers and Industry Trust Fund
13 declared under Section 6 of this Act;
- 14 (o) "Trust Income" shall refer to the income, interest earnings, and other monetary
15 benefits, realized by and accruing to the Trust Fund or any portion thereof; and
- 16 (p) "Trust Principal" shall refer to (i) the initial Trust Principal composed of the
17 proceeds from the redemption of the Converted SMC 1 Preferred Shares, dividends
18 declared, paid, or issued on the Converted SMC 1 Preferred Shares, and all income
19 or interest derived therefrom as of the effectivity of this Act; and any other cash
20 Coconut Levy Asset deposited in the Bureau of Treasury and UCPB as administrator
21 of the CNF; (ii) any and all proceeds of privatization of the Coconut Levy Assets
22 remitted thereto by the Privatization and Management Office, and (iii) proceeds of
23 privatization of any or all properties or assets conveyed by any person, group or entity
24 to the Committee, from time to time, as provided in Section 8 hereof.

25

26

II

27

Audit and Reconveyance of Coconut Levy Assets

28

SEC. 4. Audit and Inventory of Coconut Levy Assets. - Upon the effectivity of this
29 Act, the Commission on Audit (COA), in coordination with the PCA and the PCGG,
30 shall conduct a complete accounting and inventory of the Coconut Levy Assets. The
31 audit shall determine and ascertain the amount, value, description and nature of such
32 funds, properties, assets, records, choses in action, and other rights, claims, or causes
33 of action pertaining thereto. Likewise, the COA shall conduct an audit of all
34 investments, disbursements or expenditures arising from Coconut Levy Funds.

35

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

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

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

6 **SEC. 5. Reconveyance of Coconut Levy Assets.** - Immediately upon the effectivity
7 of this Act, the PCGG, the government representatives to the boards of
8 sequestered/surrendered corporations, and any government agency or person having
9 any Coconut Levy Asset in its administration, authority, custody or control, shall
10 perform or cause the performance of the following:

11 (1) reconvey title to the Republic of the Philippines over the Coconut Levy Assets;

12 (2) deliver all stock certificates and other evidence of ownership to the Bureau of
13 Treasury for safekeeping; and

14 (3) deposit all cash Coconut Levy Assets in the Trust Fund.

16 III

17 Coconut Farmers and Industry Trust Fund

18 **SEC. 6. The Coconut Farmers and Industry Trust Fund.** - The Coconut Levy Assets
19 are hereby declared a trust fund to be known as the "Coconut Farmers and Industry
20 Trust Fund," herein referred to as the "Trust Fund," which shall be capitalized,
21 managed, utilized and accounted for in the manner provided in this Act.

22 **SEC. 7. Purpose of the Trust Fund.** - The Trust Fund shall be used exclusively for
23 the development of the coconut industry for the ultimate benefit of coconut farmers
24 and farm workers.

25 **SEC. 8. Capitalization of the Trust Fund.** - The proceeds from the redemption of the
26 Converted SMC 1 Preferred Shares, dividends declared, paid, or issued on the
27 Converted SMC 1 Preferred Shares, and all income or interest derived therefrom as
28 of the effectivity of this Act; and any other cash Coconut Levy Asset deposited in the
29 Bureau of Treasury and UCPB as administrator of the CI IF shall form part of the initial
30 capital of the Trust Fund. For this purpose, any provision of law to the contrary
31 notwithstanding, the BTr and UCPB shall directly release any and all monies to the
32 Trust Fund.

33 The Trust Fund shall thereafter be augmented with all proceeds of
34 privatization/disposition of the Coconut Levy Assets remitted directly thereto by the
35 PMO in accordance with this Act, and any and all forms of income, interests, earnings,
36 yields, or any monetary benefit derived therefrom prior to the privatization/disposition
37 of these Coconut Levy Assets.

38 Nothing in this Act shall be understood to prevent or prohibit any person, group or
39 entity from conveying to the Committee other properties and/or additional assets either

1 for the use of the coconut industry, or for purposes of privatization, in which case, the
2 proceeds of such privatization shall form part of the Trust Fund.

3 No portion of the Trust Fund shall accrue to the general fund of the National
4 Government.

5 **SEC. 9. Management and Utilization of the Trust Fund and Trust income.** - The

6 Trust Principal shall be preserved and maintained at all times and, for this purpose,
7 shall be invested only in Philippine government securities. Only the Trust Income shall
8 be used for the implementation of the Plan and for the payment of expenses allowed
9 under this Act: **Provided**, That, for purposes of the initial implementation of the Plan
10 and its programs and projects, and to fund the allowable expenses under this Act,
11 pending the accrual of or availability of the Trust Income, the Committee is hereby
12 authorized to use a portion of the Trust Principal which shall in no case exceed five
13 percent (5%) of the amount constituting the initial capital of the Trust Fund.

14 For the initial year, the amount of Fifty Million Pesos (PhP50,000,000.00), to cover
15 expenses of the Committee in connection with the discharge of its responsibilities, and
16 expenses for the conduct of an audit and inventory of Coconut Levy Assets, and
17 formulation of the Plan, is hereby authorized to be charged against the five percent
18 (5%) portion of the initial capital of the Trust Principal permitted to be used. For the
19 succeeding years, not more than three percent (3%) of the Trust Income accruing
20 during the immediately preceding year shall be used to cover for annual expenses of
21 the Committee. If the expenses in any year are less than the maximum amount
22 permissible, the difference shall not be availed of as additional expenses in the
23 following years.

24 To fund the expenses of the PMO for the first year in the discharge of its functions for
25 the privatization or disposition of the Coconut Levy Assets, the Committee is hereby
26 authorized to approve advances and/or reimbursements to the PMO in the amount of
27 not more than Fifty Million Pesos (PhP50,000,000.00), which shall likewise be charged
28 against the five percent (5%) portion of the initial capital of the Trust Fund.

29 Temporary investment of the Trust Principal shall not be construed as disbursement
30 of funds.

31 All fund releases approved by the Committee shall be released directly to the
32 implementing agencies.

33 **SEC. 10. Designation of the Bureau of Treasury as Depository of the Trust Fund.**

34 - Any law to the contrary notwithstanding, the Bureau of Treasury is hereby designated
35 as the depository of the Trust Fund, which shall (i) invest the Trust Fund in Philippine
36 government securities; (ii) release funds directly to the implementing agencies upon
37 the instruction of the Committee; (iii) account for the utilization and investment of the
38 Trust Fund and (ii) exercise the tasks, functions and duties determined and
39 established by the Committee.

1 **Coconut Farmers and Industry Trust Fund Committee**

2 **SEC. 11. Creation of the Coconut Farmers and Industry Trust Fund Committee.**

3 - **There** is hereby created the Coconut Farmers and Industry Trust Fund Committee
4 which shall be attached to the Office of the President.

5 The Committee shall have the following powers and functions:

6 (1) Direct, supervise and coordinate the Implementation of the Coconut Farmers
7 and Industry Development Plan;

8 (2) Approve disbursements from the Trust Income and from the five percent (5%)
9 of the initial capital of the Trust Principal;

10 (3) Arrange for the transfer of the Coconut Levy Assets to the National Government
11 and/or to the Privatization and Management Office for privatization or disposition;

12 (4) Establish guidelines for the privatization or disposition of the Coconut Levy
13 Assets by the PMO;

14 (5) Approve, or disapprove, on behalf of the National Government and without
15 need of any further approval by, or other action from any other government institution
16 or agency, the sale or disposition of the Coconut Levy Assets identified for disposition
17 or privatization, in each case on terms and to purchasers recommended by the PMO:
18 **Provided**, That neither the Committee itself, nor any of its members, shall undertake
19 the marketing of any such assets, participate in the negotiation for their sale, or make
20 the sale itself, nor yet bring about any situation which may give rise to a conflict of
21 interest;

22 (6) Exercise on behalf of the National Government all rights and incidents of
23 ownership with respect to such assets, including the right to vote, whether directly or
24 through duly authorized nominees, shares of stock held in the name of the National
25 Government;

26 (7) Approve the financial requirements of the PMO in relation to its functions set
27 forth in this Act, including its annual budget for operations, management and
28 disposition of the Coconut Levy Assets transferred and entrusted under its care; which
29 shall not be more than three percent (3%) of the Trust Income of the preceding year;

30 (8) Appoint, transfer, remove for cause, personnel of the Committee, and fix their
31 remuneration in accordance with the Salary Standardization Law; and

32 (9) Exercise such other incidental powers and functions as may be necessary to
33 attain the objectives of this Act.

34 **SEC, 12. Composition.** - The Committee shall be composed of the Secretary of
35 Agriculture as Chairman, the Secretary of Finance as Vice-Chairman, the Director-
36 General of the National Economic and Development Authority, the Administrator of the
37 Philippine Coconut Authority, and five (5) representatives from the coconut farmers
38 sector.

39 The five (5) representatives from the coconut farmers sector shall be appointed by the
40 President from a list of nominees, containing at least eight (8) names, submitted by

1 the PCA, pursuant to a selection process under Section 24 of this Act. They shall each
2 hold a

3 term of three (3) years, and may be reappointed once. Any appointment to fill the
4 vacancy in the Committee arising from death, removal, retirement or resignation shall
5 be made only for the unexpired term.

6 **SEC. 13. *Ex Officio Alternates.*** - The *ex officio* members of the Committee may
7 designate their respective alternates who shall be the officials next-in-rank to them
8 and their acts shall be considered the acts of their principals.

9 **SEC 14. *Executive Director of the Committee.*** - The President, upon
10 recommendation of the Committee, shall appoint an Executive Director who shall have
11 the following powers and functions:

12 a) Execute, administer and implement the plans and programs approved or
13 promulgated by the Committee;

14 b) Direct and supervise officials, employees, representatives and agents for the
15 Committee;

16 c) Prepare an annual report on the activities of the Committee at the close of each
17 fiscal year and to submit a copy thereof to the President and Congress;

18 d) Keep and maintain official records and reports of the proceedings of the
19 Committee;

20 e) Administer oaths in all matters falling within the jurisdiction of the Committee;
21 and

22 f) Exercise such other duties as may be vested by the Committee that are
23 consistent with the provisions of this Act.

24 **SEC. 15. *Meetings.*** - The Committee shall meet as frequently as may be necessary
25 and expedient to discharge its responsibilities: **Provided**, That, it shall meet at least
26 once a month.

27 The presence of at least a majority of the members of the Committee shall constitute
28 a quorum, and the concurrence of a majority of the members present at a meeting at
29 which a quorum exists shall be adequate for any decision by the Committee:
30 **Provided**, That, where the matter involves the approval of (i) any disposition or
31 privatization proposal involving more than Five Hundred Million Pesos
32 (PhP500,000,000.00), (ii) any proposed investment involving more than One Hundred
33 Million Pesos (PhP100,000,000.00), and (iii) the utilization of the Trust Income in
34 amounts exceeding Fifty Million Pesos (PhP50,000,000.00), the approval of at least a
35 majority of the members of the Committee shall be required.

36 **SEC. 16. *Legal Counsel.*** - The Secretary of Justice shall be the ex-officio adviser to
37 the Committee on legal matters.

1 **Coconut Farmers and Industry Development Plan**

2 **SEC. 17. Preparation of the Coconut Farmers and Industry Development Plan.**

3 - The National Economic and Development Authority, Department of Agriculture,
4 Department of Agrarian Reform, Department of Trade and Industry, Department of
5 Science and Technology, Department of Energy, Department of Public Works and
6 Highways, Department of the Interior and Local Government, and the National Anti-
7 Poverty Commission are herein constituted as an **ad-hoc** committee that will prepare
8 the "Coconut Farmers and Industry Development Plan," herein referred to as the
9 "Plan." The Director- General of the National Economic and

10 Development Authority shall be the Chairman of the **ad hoc** committee. In the
11 preparation of the Plan, the **ad-hoc** committee shall consult with representatives of
12 the coconut industry, including coconut farmers organizations.

13 The Plan shall set the directions and policies for the rehabilitation and development of
14 the coconut industry.

15 In the formulation of the Plan, the Committee shall be guided by the following
16 objectives:

- 17 a) increased farm productivity and incomes of coconut farmers;
- 18 b) establishment of coconut-based enterprises
- 19 c) rehabilitation of the coconut industry towards global competitiveness; and
- 20 d) poverty alleviation and social equity.

21 The Plan shall include a national program for (a) coconut productivity, including
22 intercropping and livestock raising; (b) community-based coconut enterprises,
23 including integrated processing of coconut products and downstream products; (c)
24 coconut farmers organization and development; and (d) social protection that directly
25 benefit coconut farmers and farm workers, such as, but not limited to, medical and/or
26 health and life insurance services, educational scholarships for deserving students
27 coming from families of coconut farmers, or beneficiaries of the Coconut Levy Funds,
28 in case these social protection programs are not funded by an appropriations law or
29 any other special law, or where funding is insufficient.

30 For the avoidance of doubt, programs relating to planting, replanting, fertilization,
31 research and development, market promotion, farm-to-market roads, and direct
32 lending, shall be funded through regular appropriations.

33 The Plan shall provide an indicative funding requirement or allocation for the
34 implementation of any and all of the programs and projects to be funded by the Trust
35 income, which funding or allocation shall be itemized or broken down on a project-to-
36 project basis: Provided, That, (i) for projects which are recurring, or to be implemented
37 on a regular basis, the allocation shall indicate the annual fund that may be required
38 to implement said project; and (ii) for projects that are to be implemented or concluded
39 within a period of time, the allocation shall indicate the total fund that may be required

1 for the implementation of the whole project, itemized according to the phases or stages
2 of said project.

3 Within one hundred eighty (180) days from the start of the effectivity of this Act, the
4 Plan shall be submitted to the President, through the Committee, for approval.
5 Thereafter, the Committee shall approve the disbursements of funds in accordance
6 with the provisions of this Act.

7 Any amendment to the Plan shall require the approval of the President.

8 Privatization of the Coconut Levy Assets

9 **SEC. 18. Privatization of the Coconut Levy Assets.** - To increase the benefits that
10 can be provided to the coconut farmers and enhance the development of the coconut
11 industry, all Coconut Levy Assets transferred to the Privatization and Management
12 Office shall be privatized or disposed within five (5) years from the effectivity of this
13 Act.

14 **SEC. 19. Additional Mandate of the Privatization and Management Office (PMO).**
15 - In addition to its powers, duties and functions under Executive Order No. 323 dated
16 December 6, 2000, the PMO, shall, for and in behalf of the National Government, take
17 title to and possession of, conserve, provisionally manage, and dispose of the Coco
18 Levy Assets.

19 In the discharge of its mandate, the PMO is hereby empowered to (i) formulate and
20 implement the marketing and disposition program of the Coco Levy Assets; (ii) execute
21 and deliver, on behalf of the National Government, deeds of sale, contracts, trust
22 instruments, and other legally operative documents as may be necessary or
23 appropriate to convey title to, take possession of, and conserve, such assets; (iii)
24 engage external expertise as may be necessary in the fulfillment of its tasks under this
25 Act; and (iv) adopt internal rules and regulations in relation to the marketing and
26 disposition of the Coconut Levy Assets.

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

29 **SEC. 20. Powers of the Privatization and Management Office.** - The PMO shall
30 prepare the privatization plans and policies of the Coconut Levy Assets transferred to
31 it. It is empowered to enter into sales through public bidding, negotiated sale, lease,
32 or any form of divestment or transmission of rights over the Coconut Levy Assets,
33 including a partnership with the private sector in the management or operation of these
34 Coconut Levy Assets prior to actual sale or disposition.

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

37 (i) require anyone or more of the subject corporations to adopt and implement
38 cost-reduction measures to enhance the viability, and therefore the disposability of
39 such corporations, to potential buyers, including measures requiring personnel
40 retrenchment plans or other forms of corporate downsizing;

1 (ii) direct anyone or all of the subject corporations to submit to the PMO, within
2 fixed time-tables, such reports and information as the PMO may require in the exercise
3 of its ownership, administrative, and disposition over such corporations or their assets;
4 and

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

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

10 Nothing herein shall be construed as authorizing the Committee or the PMO to
11 rehabilitate, or allow reinvestments of, any and all Coconut Levy Assets transferred to
12 the National Government.

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

21 **SEC. 22. Remittance of Proceeds of Privatization.** - Any provision of law to the
22 contrary notwithstanding, all proceeds or receipts from the sale of Coconut Levy
23 Assets, except portions thereof for reimbursable custodianship and operational
24 expenses or such amount approved by the Committee to be retained by the PMO,
25 shall be remitted directly to the Trust Fund.

26 **SEC. 23. Reporting Requirements.** - The Committee shall, on a semi-annual basis,
27 submit to the President and to Congress a report on the status of disposition of the
28 Coconut Levy Assets, which shall include, among others, a description of the individual
29 assets disposed of, their purchasers thereof, the consideration received therefor, and
30 the agreed terms of payment.

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

36

37

VII

38

Miscellaneous

39

SEC. 24. Selection of Representatives of the Coconut Farmers Sector. -

1 Within thirty (30) days following the effectivity of this Act, the PCA shall promulgate a
2 selection process of nominees as representatives of the coconut farmers sector in the
3 Committee. The nominees shall be validated and shortlisted from the coconut farmers
4 registry of the PCA: **Provided**, That the PCA shall first complete its coconut farmers
5 registry before the selection process can commence. The list of nominees shall be
6 submitted to the President not later than sixty (60) days from the start of the selection
7 process.

8 **SEC. 25. Applicability of Republic Act No. 10149 and Executive Order 323.** - In
9 case of doubt in the interpretation of the provisions of this Act, the provisions of
10 Republic Act No. 10149, otherwise known as the "GOCC Governance Act of 2011,"
11 and Executive Order 323, entitled "Constituting an Inter-Agency Privatization Council
12 (PC) and Creating A Privatization and Management Office (PMO) Under The
13 Department of Finance For The Continuing Privatization of Government Assets and
14 Corporations," except Sections 2 and 3 of Article IV of E. O. 323, shall apply
15 suppletorily.

16 **SEC. 26. Philippine Coconut Authority Budget** - The Philippine Coconut Authority
17 shall continue with its regular programs and projects as stated in its mandate and shall
18 be funded by the General Appropriations Act which shall not be less than Five Billion
19 (Php5,000,000,000.00) Pesos annually. The yearly appropriation shall be distributed
20 as follows:

- 21 1. Infrastructure Support - 30%
- 22 2. Planting, replanting, fertilization and development of seedling nurseries - 20%
- 23 3. Shared facilities program for coconut farmers - 12.5%
- 24 4. Agribusiness ventures and market development - 15%
- 25 5. Research and Development - 10%
- 26 6. Operations and Regulatory - 12.5%

27 No appropriations from this Act shall in any way be in lieu thereof.

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

32 **SEC. 27. Congressional Oversight** - The Congressional Oversight Committee on
33 Agricultural and Fisheries Modernization (COCAFAM) shall exercise oversight on the
34 implementation of this Act.

35 **SEC. 28. Separability Clause.** - If any provision of this Act is declared invalid or
36 unconstitutional, the other provisions not affected by such declaration shall remain in
37 full force and effect.

38 1 **SEC. 29. Repealing and Amendatory Clause.** - All laws, executive and

1 2 administrative orders, rules and regulations inconsistent with this Act are
2 hereby

3 3 repealed or amended accordingly.

4 4 **SEC. 30. Effectivity Clause.** - This Act shall take effect fifteen (15) days after

5 5 its complete publication in the Official Gazette or in two (2) newspapers of
6 general

7 6 circulation.

8 Approved,