



S E N A T E

S. No. 1396

PREPARED JOINTLY BY THE COMMITTEES ON AGRICULTURE,
FOOD AND AGRARIAN REFORM AND FINANCE WITH
SENATORS PANGILINAN, RECTO, VILLAR, MARCOS,
ANGARA, BINAY, CAYETANO, DE LIMA, DELA ROSA,
DRILON, GATCHALIAN, GO, GORDON, HONTIVEROS,
LACSON, LAPID, PACQUIAO, PIMENTEL III, POE, REVILLA
JR., SOTTO III, TOLENTINO, VILLANUEVA AND ZUBIRI AS
AUTHORS

AN ACT CREATING THE COCONUT FARMERS AND
INDUSTRY TRUST FUND, PROVIDING FOR
ITS MANAGEMENT AND UTILIZATION,
RECONSTITUTING FOR THE PURPOSE THE
PHILIPPINE COCONUT AUTHORITY BOARD,
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
2 the “Coconut Farmers and Industry Trust Fund Act”.

3 SEC. 2. *Declaration of Policy.* – It is hereby declared
4 the policy of the State to consolidate the benefits due to
5 coconut farmers, especially the poor and marginalized,

1 under various statutes and to expedite the delivery thereof
2 to attain increased incomes for coconut farmers, alleviate
3 poverty, and achieve social equality.

I

DEFINITION OF TERMS

6 SEC. 3. *Definition of Terms.* – As used in this Act:

7 (a) *Coconut Farmer* shall refer to:

8 (1) An owner of a coconut farm that is not more than
9 five (5) hectares, who:

10 (i) Tills the land (owner-cultivator); or

11 (ii) Does not till the land, but has control and
12 supervision over the cultivation of the coconut farm which
13 is not more than five (5) hectares;

14 (2) A leaseholder with not more than five (5) hectares
15 or tenant who tills or supervises the cultivation of the
16 coconut farm; or

17 (3) A farm worker or laborer, whether seasonal or
18 itinerant, engaged in the harvesting of the nuts and
19 processing of copra as a major means of livelihood;

1 (b) *Coconut Levy Assets* shall refer to any and all
2 kinds of property, whether real or personal, tangible or
3 intangible, wherever situated, which have been acquired
4 through the Coconut Levy Funds as defined in this section,
5 including those assets that may be recovered in favor of the
6 government, as well as the fruits or income therefrom,
7 including those acquired in exchange or substitution
8 thereof. These shall include, among others, the following:

9 (i) The shares of stock in United Coconut Planters
10 Bank (UCPB) that were determined to be owned by the
11 government;

12 (ii) The CIIF-Oil Mills Group, which refers to the
13 CIIF companies, namely: Southern Luzon Coconut Oil
14 Mills; Cagayan de Oro Oil Co. Inc.; Iligan Coconut
15 Industries, Inc.; San Pablo Manufacturing Corp.;
16 Granexport Manufacturing Corp.; and Legaspi Oil Co.,
17 Inc.;

18 (iii) The CIIF Holding Companies, which refer to the
19 fourteen (14) holding companies, namely: Anglo Ventures
20 Corporation; ACS Investors, Inc.; Arc Investors, Inc.; AP

1 Holdings, Inc.; Fernandez Holdings, Inc.; First Meridian
2 Development, Inc.; Randy Allied Ventures, Inc.; Rock Steel
3 Resources, Inc.; Roxas Shares, Inc.; SMC Officers Corps,
4 Inc.; Soriano Shares, Inc.; Te Deum Resources, Inc.; Toda
5 Holdings, Inc.; and Valhalla Properties Limited, Inc.; and
6 (iv) The Converted San Miguel Corporation (SMC)
7 Series 1 Preferred Shares, which refers to the 753,848,312
8 preferred shares of stock in SMC declared owned by the
9 government, together with all the dividends declared, paid,
10 or issued thereon, as well as any increments thereto
11 arising from, but not limited to, the exercise of pre-emptive
12 rights;

13 (c) *Coconut Levy Funds* shall refer to various funds
14 generated from levies, taxes, charges, and other fees
15 exacted or imposed pursuant to or in connection with the
16 sale of *copra rececada* or its equivalent in other coconut
17 products, and collected for the most part from coconut
18 farmers, planters, millers, refiners, processors, exporters,
19 desiccators and other end-users of *copra rececada* or its

1 equivalent in other coconut products. Specifically, the term
2 shall refer to any or all of the following:

3 (i) The Coconut Investment Fund created under
4 Republic Act No. 6260;

5 (ii) The Coconut Consumers Stabilization Fund, later
6 renamed as the Coconut Industry Stabilization Fund,
7 created under Presidential Decree No. 276;

8 (iii) The Coconut Industry Development Fund created
9 under Presidential Decree No. 582;

10 (iv) The Coconut Industry Investment Fund created
11 under Presidential Decree No. 1468; and

12 (v) The Coconut Reserve Fund under Presidential
13 Decree No. 1468 and Presidential Decree No. 1842.

14 (d) *Designated Disposition Entity (DDE)* refers to the
15 Privatization Management Office (PMO), Land Bank of the
16 Philippines (LBP), Development Bank of the Philippines
17 (DBP), Social Security System (SSS), Government Service
18 Insurance System (GSIS) which, at the time of enactment
19 of this Act, are one hundred percent (100%) owned by the
20 government.

1 II

2 COCONUT FARMERS AND INDUSTRY DEVELOPMENT PLAN

3 SEC. 4. *Preparation of the Coconut Farmers and*
4 *Industry Development Plan.* – The Coconut Farmers and
5 Industry Development Plan shall be prepared by the
6 Philippine Coconut Authority (PCA) and approved by the
7 President of the Philippines. The utilization of the Trust
8 Fund created under this Act, or any portion thereof, shall
9 be in accordance with the Development Plan. In the
10 performance of its functions, the PCA shall consult coconut
11 farmers and their organizations, industry associations,
12 civil society organizations, academe, government agencies
13 concerned, particularly the Land Bank of the Philippines
14 (LBP), Development Bank of the Philippines (DBP),
15 Cooperative Development Authority (CDA), Department of
16 Science and Technology–Philippine Council for
17 Agriculture, Aquatic and Natural Resources Research and
18 Development (DOST–PCAARRD), Bureau of Micro, Small
19 and Medium Enterprise Development under the
20 Department of Trade and Industry (DTI), Commission on

1 Higher Education (CHED), Technical Education and Skills
2 Development Authority (TESDA), Agricultural Training
3 Institute (ATI), Philippine Center for Post-harvest
4 Development and Mechanization (PhilMech), Department
5 of Agriculture's High Value Crops Development Program,
6 Department of Agriculture's Bureau of Animal Industry's
7 Philippine Native Animals Development Program,
8 National Dairy Authority (NDA), Department of Public
9 Works and Highways (DPWH) and other stakeholders in
10 the coconut industry. The Plan shall set the directions and
11 policies for the development and rehabilitation of the
12 coconut industry within fifty (50) years.

13 In the formulation of the Plan, the PCA shall be
14 guided by the following objectives:

15 (a) Increased productivity and income of coconut
16 farmers;

17 (b) Poverty alleviation, education, and social equity;
18 and

19 (c) Rehabilitation and modernization of the coconut
20 industry towards farm productivity.

1 The Plan shall include a national program for:

2 (a) Community-based enterprises, including integrated
3 processing of products and downstream products intended
4 to increase incomes of coconut farmers;

5 (b) Social protection that directly benefit coconut
6 farmers, farm workers, and their families, taking into
7 consideration existing social protection programs of the
8 government;

9 (c) Coconut farmers organization and development;

10 (d) Innovative research projects and their practical
11 application on coconut processing, production and
12 distribution towards developing the local coconut industry;
13 and

14 (e) Integrated processing of coconut and downstream
15 products.

16 The Plan shall provide the criteria for targeting
17 beneficiaries, the indicators in determining the attainment
18 of the abovementioned objectives, and the mechanisms for
19 monitoring and evaluating the impact of the different
20 components of the program.

1 The Plan shall provide an indicative funding
2 requirement or allocation for the implementation of any
3 and all of the programs and projects to be funded by the
4 Trust Fund which funding or allocation shall be itemized
5 or broken down on a project-to-project basis: *Provided,*
6 That,

7 (i) For projects which are recurring, or to be
8 implemented on a regular basis, the allocation shall
9 indicate the annual amount that may be required to
10 implement said project;

11 (ii) For projects that are to be implemented or
12 concluded within a period of time, the allocation shall
13 indicate the total amount that may be required for the
14 implementation of the whole project, itemized according to
15 the phases or stages of said project; and

16 (iii) All projects shall be evaluated on the basis of
17 financial returns and increased farmers income.

18 Programs relating to planting, replanting,
19 fertilization, research and development, market promotion,

1 and farm-to-market roads in coconut producing provinces,
2 shall also be funded through regular appropriations.

3 The Plan shall take into account the distribution of
4 the annual allocation from the Trust Fund, as follows:

5 (a) Development of hybrid coconut seed farms, and
6 nursery for planting and replanting, twenty percent (20%):
7 to be implemented by the PCA fifteen percent (15%) and
8 the Department of Science and Technology-Philippine
9 Council for Agriculture, Aquatic and Natural Resources
10 Research and Development (DOST-PCAARRD) at five
11 percent (5%) for research respectively;

12 (b) Training of farmers and their families, as listed in
13 the coconut farmers registry, in farm schools, the training
14 shall be on coconut production and processing technologies,
15 value addition of coconut products, diversification and
16 sustainable farming methods, including organic farming,
17 financial literacy, and farm business schools programs
18 among others through the TESDA and the ATI, eight
19 percent (8%), to be shared equally;

1 (c) Research, marketing, and promotion, five percent
2 (5%), to be implemented by the Bureau of Micro, Small and
3 Medium Enterprise Development under the DTI;

4 (d) Crop Insurance, four percent (4%), to be
5 implemented by the Philippine Crop Insurance
6 Corporation (PCIC);

7 (e) Farm improvements through diversification and/or
8 intercropping with livestock, dairy, poultry, coffee, cacao
9 production, ten percent (10%), to be implemented by the
10 NDA, the Department of Agriculture's High Value Crops
11 Development Program, and the Department of
12 Agriculture's Bureau of Animal Industry, Native Animal
13 Program to be shared equally;

14 (f) Shared facilities for processing, ten percent (10%),
15 to be implemented by the PhilMech, the beneficiaries of
16 which are coconut farmers cooperatives, in its absence, to
17 the local government units (LGUs) of identified coconut
18 producing towns;

19 (g) Organizing and empowerment of coconut farmer
20 organization and their cooperatives, five percent (5%) to be

1 implemented by the Cooperative Development Authority
2 (CDA) for farmers cooperatives and LGUs for coconut
3 farmer organizations. LGUs shall create local small
4 farmers councils to provide mechanisms for consultation
5 and participation;

6 (h) Credit programs through the DBP and LBP, ten
7 percent (10%) to be shared equally;

8 (i) Infrastructure development, ten percent (10%), to
9 be implemented by the DPWH, in identified coconut
10 producing LGUs. The DPWH shall give priority to the use
11 of coconut coir or coconet bio-engineering solutions in
12 controlling soil erosion and slope stabilization in the
13 construction of roads and in other applicable projects;

14 (j) Scholarship program for farmers and their families
15 eight percent (8%), to be implemented by the CHED; and

16 (k) Health and medical program for farmers and their
17 families ten percent (10%) thereby creating a special unit
18 within the agency for the purpose.

19 Within one hundred twenty (120) days from the
20 effectivity of this Act, the PCA Board shall enter into a

1 memorandum of agreement with the following agencies, as
2 identified in this section: the DOST-PCAARRD, TESDA,
3 ATI, NDA, PhilMech, CDA, LBP, DBP, CHED, DTI, and
4 DPWH, to ensure a coordinated implementation of the
5 programs under the Development Plan, proper utilization
6 of the allocations provided in this section, and submission
7 of periodic accomplishment report of these implementing
8 agencies to the PCA Board.

9 To facilitate the implementation of these programs
10 and the identification of beneficiaries, the PCA shall,
11 within ninety (90) days from the effectivity of this Act,
12 complete the Coconut Farmers Registry: *Provided, That* an
13 annual verification of the registry shall be conducted by
14 the LGUs in coordination with the PCA and the
15 Department of Agriculture (DA) to ensure its veracity.

16 Within one hundred twenty (120) days from the
17 effectivity of this Act, the Plan shall be submitted by the
18 PCA to the President, for approval.

19 Before the Plan is finalized and submitted to the
20 President for approval, the Department of Budget and

1 Management (DBM), DOF, DTI, and the National
2 Economic and Development Authority (NEDA) shall
3 provide their advisory opinions on the following matters:

4 (a) Whether the Plan is supportive of and consistent
5 with socio-economic development plans and oriented
6 towards the achievement of explicit objectives and expected
7 results, to ensure that the utilization of Coconut Levy
8 Fund is conducted effectively;

9 (b) Whether the Plan manages Coconut Levy Assets
10 and Funds judiciously and in a manner supportive of
11 development objectives;

12 (c) Whether the Plan accelerates and sustains
13 economic growth for the coconut industry; and

14 (d) Whether the Plan is programmed within the
15 context of well-formulated and consistent long, medium,
16 and short-term development plans and policies that will
17 promote both the growth of the economy and the equitable
18 distribution of the benefits of said growth to various
19 members of society.

1 THE PHILIPPINE COCONUT AUTHORITY

2 SEC. 5. *The Philippine Coconut Authority (PCA).* –

3 The PCA, an independent public corporation created under
4 Presidential Decree No. 1468, shall be reconstituted and
5 strengthened to ensure the participation of coconut
6 farmers in the crafting and implementation of the Coconut
7 Farmers and Industry Development Plan. The composition
8 of the PCA Board is hereby amended and the same shall
9 now be composed of the following:

10 (a) The Secretary of the Department of Agriculture
11 (DA), as Chairperson;

12 (b) The Secretary of the Department of Finance
13 (DOF), as Vice Chairperson;

14 (c) The Secretary of the Department of Budget and
15 Management (DBM);

16 (d) The Secretary of the Department of Science and
17 Technology (DOST);

18 (e) The Secretary of the Department of Trade and
19 Industry (DTI);

20 (f) The Administrator of the Authority; and

1 (g) Three (3) members from the coconut farmers
2 sector (one (1) each from Luzon, Visayas, and Mindanao):
3 *Provided*, That the representatives from the coconut
4 farmers sector shall be Filipino citizens, registered with
5 the PCA's Coconut Farmers Registry, own not more than
6 five (5) hectares of coconut farm in the last ten (10) years,
7 have considerable experience and reputable track record in
8 promoting coconut farmers' interest and welfare, and
9 nominated by coconut farmers organizations or
10 cooperatives that are active for the past three (3) years in
11 farmer organization and development or community
12 enterprise development. They shall be appointed by the
13 President of the Philippines from a list of four (4) nominees
14 for each island grouping: *Provided*, That any appointment
15 to fill a vacancy in the Board arising from death, removal,
16 retirement, or resignation of the appointive members of the
17 Board shall only be for the unexpired term: *Provided*,
18 *further*, That the term of office of the appointive members
19 of the Board shall be for one (1) year, unless sooner
20 removed for cause: *Provided, finally*, That any appointive

1 member of the Board shall continue to hold office until a
2 successor is appointed.

3 The government representatives in the reconstituted
4 PCA Board shall, within thirty (30) days from the
5 effectivity of this Act, coordinate with the PCA in
6 promulgating a nomination and screening process for the
7 nominees of representatives of the coconut farmers in
8 consultation with their respective organizations or
9 associations.

10

IV

11 RECONVEYANCE OF COCONUT LEVY ASSETS AND/OR FUNDS

12 SEC. 6. *Reconveyance.* – Within one (1) year upon the
13 effectivity of this Act, all government agencies, except the
14 BTr, and any person having any Coconut Levy Asset
15 and/or Fund in its administration, authority, custody, or
16 control which have been finally declared by the Supreme
17 Court as belonging to the government, shall perform or
18 cause the performance of the following:

19 (1) Reconvey title to the Republic of the Philippines;

1 (2) Deliver all stock certificates and other evidence of
2 ownership to the BTr for safekeeping; and

3 (3) Transfer all cash Coconut Levy Assets to the
4 Trust Fund.

5 They shall likewise perform or cause the performance
6 of the aforementioned acts on Coconut Levy Assets that
7 may hereafter be recovered as belonging to the government
8 to the benefit of the coconut farmers and the development
9 of the coconut industry.

10 No temporary restraining order (TRO) or any
11 injunction order can be issued on the aforementioned acts
12 except by the Supreme Court.

13 Within thirty (30) days from the effectivity of this
14 Act, the Presidential Commission on Good Government
15 (PCGG) shall conduct a complete accounting and inventory
16 of the Coconut Levy Assets, including the amount, value,
17 description and nature of such funds, properties, assets,
18 records, choses in action, and other rights, claims, or
19 causes of action pertaining thereto, as well as the
20 investments, disbursements and expenditures relating to

1 the Coconut Levy Funds and submit a report to the Office
2 of the President, the Trust Fund Management Committee,
3 the Commission on Audit (COA), and the BTr.

4 Within thirty (30) days from receipt of the PCGG
5 inventory, the COA shall audit the accounting and
6 inventory of Coconut Levy Assets to determine the
7 completeness of said inventory, establish the
8 reasonableness of the asset valuation, trace the flow of the
9 Coconut Levy Funds and to determine compliance with
10 pertinent laws, rules and regulations on the reconveyance
11 of the Coconut Levy Assets and/or Fund to the Republic.

12 Within one (1) year from the submission of the
13 accounting and inventory of the Coconut Levy Assets, the
14 COA shall submit to the Trust Fund Management
15 Committee its audit report, together with a complete list of
16 Coconut Levy Assets and their valuation, and the
17 empirical basis and the methodologies employed for the
18 said valuation.

19 The Committee shall, within fifteen (15) days from its
20 receipt of the audit report, publish the same in at least two

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

V

COCONUT FARMERS AND INDUSTRY TRUST FUND

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8 SEC. 7. *The Coconut Farmers and Industry Trust*
9 *Fund.* – There is hereby created a Trust Fund to be known
10 as the “Coconut Farmers and Industry Trust Fund”,
11 referred to in this Act as the “Trust Fund”, which shall be
12 capitalized, managed, invested, utilized and accounted for
13 in the manner provided in this Act.

14 The Trust Fund shall be maintained in such manner
15 for fifty (50) years under the Coconut Farmers and
16 Industry Development Plan to be formulated under Section
17 4 of this Act, and shall be used for the benefit of the
18 coconut farmers and the development of the coconut
19 industry.

1 SEC. 8. *Nature and Capitalization of the Trust Fund.*

2 – The Coconut Farmers and Industry Trust Fund is
3 separate and distinct from the regular funds appropriated
4 to the PCA through the annual General Appropriations Act
5 (GAA). As such, the PCA shall continue to pursue its
6 mandate of implementing programs and projects from the
7 regular GAA appropriations and from funds under the
8 Trust Fund.

9 The proceeds from the redemption of the Converted
10 SMC Series 1 Preferred Shares, dividends declared, paid,
11 or issued on the Converted SMC Series 1 Preferred Shares,
12 and all income or interest derived therefrom as of the
13 effectivity of this Act, and any other cash Coconut Levy
14 Asset, that are held by the BTr as a special account in the
15 general fund and as an escrow account, and cash held by
16 UCPB as administrator of the CIIF, shall form part of the
17 initial Trust Fund Principal of the Trust Fund.

18 Immediately upon the enactment of this Act, the BTr
19 shall transfer Ten billion pesos (P10,000,000,000.00) to the

1 Trust Fund, and for the succeeding years, according to the
2 following schedule:

3 Second year, Ten billion pesos (P10,000,000,000.00);

4 Third year, Fifteen billion pesos (P15,000,000,000.00);

5 Fourth year, Fifteen billion pesos (P15,000,000,000.00);

6 On the Fifth year, Twenty-five billion pesos
7 (P25,000,000,000.00); and any amount accruing, including
8 interest, in the special account in the general fund to the
9 Trust Fund.

10 The Trust Fund shall thereafter be augmented with
11 all proceeds of privatization or disposition of the Coconut
12 Levy Assets remitted directly thereto by the BTr,
13 Privatization and Management Office (PMO), or other
14 DDEs in accordance with this Act, including any and all
15 forms of income, interests, earnings, yields, or any
16 monetary benefit derived prior to the privatization or
17 disposition of any of the Coconut Levy Assets, and any and
18 all forms of income, interests, earnings, yields, or any
19 monetary benefit derived from retained Coconut Levy
20 Assets. All Coconut Levy Assets in the name of the

1 Philippine Government shall be sold within the period of
2 five (5) years after the effectivity of this Act, and all other
3 Coconut Levy Assets that may hereafter be recovered shall
4 likewise be disposed of within five (5) years from the time
5 it is declared as belonging to the government, and the
6 proceeds shall be transferred to the Trust Fund for the
7 benefit of the coconut farmers.

8 Any amount of the Trust Fund Income shall be
9 available for disbursement by the implementing agencies,
10 which shall be utilized in accordance with the Development
11 Plan for a period of fifty (50) years: *Provided*, That the
12 amount in the Trust Fund account for disposition by the
13 designated government implementing agencies under the
14 Development Plan, which shall be released directly to
15 them, shall not be lower than Five billion pesos
16 (P5,000,000,000,000.00) for any given year.

17 SEC. 9. *Utilization of the Trust Fund.* – The
18 utilization of the Trust Fund or any portion thereof shall
19 be in accordance with the Coconut Farmers and Industry
20 Development Plan as provided in Section 4 of this Act:

1 *Provided*, That for purposes of the implementation of the
2 Plan, for the execution of programs and projects identified
3 in the Plan that are allowed to be funded out of the Trust
4 Fund and subject to annual government audit, an initial
5 allocation of Five billion pesos (P5,000,000,000.00) shall be
6 available to the designated government implementing
7 agencies, which shall include disbursements for the
8 formulation of the Coconut Farmers and Industry
9 Development Plan.

10 For the formulation of the Coconut Farmers and
11 Industry Development Plan the PCA shall have an
12 allocation of Five million pesos (P5,000,000.00), the
13 disbursements to the designated implementing agencies
14 shall be in accordance with the Coconut Farmers and
15 Industry Development Plan once approved by the
16 President.

17 *SEC. 10. Creation of a Trust Fund Management*
18 *Committee.* – There is hereby created a Trust Fund
19 Management Committee, which shall be comprised of
20 authorized representatives of the DOF, DBM, and

1 Department of Justice (DOJ). The Trust Fund
2 Management Committee shall be responsible for setting
3 the Investment Strategy of the Trust Fund, which includes
4 the following, among others:

5 (a) Setting of investment priorities;

6 (b) Setting of investment themes;

7 (c) Evaluation of assets to determine portfolio size;

8 (d) Setting of asset allocation;

9 (e) Setting of policies with respect to particular asset
10 types;

11 (f) Guidelines for portfolio turnover;

12 (g) Guidelines for Trust Fund Management Expenses;

13 (h) Set the annual allocation of the Trust Fund
14 available for disbursement which shall not be less than
15 Five billion pesos (P5,000,000,000.00) per year but which
16 can be more if the funds shall permit;

17 (i) Approval of the financial requirements of DDEs in
18 relation to its function set forth under this Act, including
19 its annual budget for operations, management, and

1 privatization/disposition of Coconut Levy Assets and/or
2 Funds transferred and entrusted in its care; and

3 (j) Other guidelines as may be necessary to fulfill its
4 mandate under this Act.

5 The BTr shall act as the Trust Fund Management
6 Committee Secretariat and shall maintain records and
7 accounts of all investments, receipts, disbursements, and
8 other transactions relating to the management,
9 administration, and utilization of the Trust Fund:
10 *Provided*, That these records and accounts shall be
11 maintained in accordance with existing accounting and
12 auditing laws, rules and regulations, and shall be audited
13 by the COA.

14 For the above purposes, an amount of one-half of one
15 percent of the Trust Fund Principal shall be utilized as
16 Trust Fund Management Expense, which shall be sourced
17 from the Trust Fund. The Trust Fund Management
18 Expense shall answer for all expenses directly incurred in
19 the management of the Trust Fund, including, but not
20 limited to, transaction fees, redemption fees, placement

1 fees, investment fees, transaction costs, and other
2 operating expenses.

3 SEC. 11. *Designation of DOF as Trust Fund Manager.*

4 – The DOF is hereby designated as Manager of the Trust
5 Fund. As Manager, it shall be responsible for
6 implementing the Investment Strategy set by the Trust
7 Fund Management Committee and managing the portfolio
8 of the Trust Fund.

9 In the performance of its functions, the DOF shall
10 have the following functions:

11 (a) Monitor market and economic trends and track
12 securities in order to make informed investment decisions;

13 (b) Recommend its portfolio strategy to the Trust
14 Fund Management Committee;

15 (c) In managing the portfolio, track financial results
16 of the companies in the portfolio and its various metrics,
17 such as, but not limited to, price-to-earnings ratios,
18 inflation-adjusted return, sales, earnings, and dividends;

1 (d) Recommend to the Trust Fund Management
2 Committee the designation of DDEs defined in Section 3 of
3 this Act; and

4 (e) Perform other acts necessary to fulfill its mandate
5 under this Act.

6 SEC. 12. *Management and Custodianship of the Trust*
7 *Fund.* – Any law to the contrary notwithstanding, the BTr
8 is hereby designated as the depository of the Trust Fund.
9 As depository, the BTr shall have the following functions:

10 (a) Hold, account, and collect on a timely basis all
11 current and future income and other payments with
12 respect to securities and other assets to which the Trust
13 Fund shall be entitled to in the manner set forth by the
14 DOF as Trust Fund Manager;

15 (b) Release and deliver out securities and other assets
16 of the Trust Fund upon receipt of proper instructions from
17 the Trust Fund Manager, specifying the securities or
18 assets to be delivered out and the person or persons to
19 whom the delivery is to be made;

1 (c) Release funds directly to the designated
2 government implementing agencies pursuant to the
3 implementation of the Coconut Farmers and Industry
4 Development Plan as approved by the President under
5 Section 4 of this Act; and

6 (d) Perform any act as may be directed by the Trust
7 Fund Manager in accordance with the Investment Strategy
8 set forth by the Trust Fund Committee.

9 All cash Coconut Levy Assets shall be invested in
10 Philippine Government securities and other securities
11 guaranteed by the National Government. On the other
12 hand, the BTr may hold, manage and invest non-cash
13 Coconut Levy Assets, only upon approval of the DOF. Any
14 income, earning or interest obtained from said investments
15 shall be deposited to the Trust Fund Account.

16 The Trust Fund Management Committee is hereby
17 directed to draft the implementing rules and regulations in
18 order to effectuate Sections 9 to 11 of this Act.

19 VI

20 DISPOSITION OF NON-CASH COCONUT LEVY ASSETS

1 SEC. 13. *Disposition of Non-Cash Coconut Levy*
2 *Assets.* – Coconut Levy Assets defined in Section 3 hereof,
3 which are assigned by the Trust Fund Management
4 Committee to DDEs shall be privatized or disposed subject
5 to the regulatory approvals as required by law within the
6 period of five (5) years from the effectivity of this Act.

7 This Act shall in no case exempt Coconut Levy Assets
8 from the respective jurisdictions of the various applicable
9 regulators, particularly the Governance Commission for
10 Government-owned or –controlled Corporations (GCG), the
11 Bangko Sentral ng Pilipinas (BSP), the Philippine Deposit
12 Insurance Corporation (PDIC), and the Insurance
13 Commission (IC).

14 SEC. 14. *Additional Mandate of Designated*
15 *Disposition Entities.* – In addition to its powers, duties and
16 functions, DDEs as may be assigned by the Trust Fund
17 Management Committee shall, for and in behalf of the
18 National Government, take title to and possession of,
19 conserve, provisionally manage, and dispose the Coconut

1 Levy Assets which have been identified for privatization
2 and disposition.

3 Subject to the approval of the Trust Fund
4 Management Committee, the DDEs are hereby empowered to:

5 (i) Implement the marketing and disposition program
6 of the Coconut Levy Assets and/or Funds;

7 (ii) Execute and deliver, on behalf of the National
8 Government, deeds of sale, contracts, trust instruments,
9 and other legally operative documents as may be necessary
10 or appropriate to convey title to, take possession of, and
11 conserve, such assets;

12 (iii) Engage external expertise as may be necessary in
13 the fulfillment of its tasks under this Act; and

14 (iv) Adopt internal rules and regulations in relation
15 to the marketing and disposition of the Coconut Levy
16 Assets and/or Funds.

17 The DDEs shall prepare the disposition plans and
18 policies of the Coconut Levy Assets transferred to it. They
19 are empowered to enter into sales through public bidding,
20 negotiated sale, lease, or any form of divestment or

1 transmission of rights over the Coconut Levy Assets and/or
2 Funds, including a partnership with the private sector in
3 the management or operation of these Coconut Levy Assets
4 and/or Funds prior to actual sale or disposition in
5 accordance with the Investment Strategy approved by the
6 Trust Fund Management Committee: *Provided*, That the
7 maintenance and operation expenses of the non-cash
8 assets shall not in any manner be taken from the existing
9 cash component of the Coconut Levy Assets.

10 Prior to the implementation of any disposition plan
11 for corporations transferred to it, the DDEs may
12 recommend the following:

13 (i) Require any of the subject corporations to adopt
14 and implement cost-reduction measures to enhance the
15 viability, and therefore the disposability of such
16 corporations, to potential buyers, including measures
17 requiring personnel retrenchment plans or other forms of
18 corporate downsizing;

19 (ii) Direct any of the subject corporations to submit to
20 the DDE, within fixed time-tables, such reports and

1 information as the DDE may require in the exercise of its
2 ownership, administrative, and disposition over such
3 corporations or their assets; and

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

9 Any of the above-enumerated, as well as the final
10 disposition of such assets, shall be subject to the approval
11 of the Trust Fund Management Committee.

12 SEC. 15. *Remittance of Proceeds of Privatization.* –
13 Any provision of law to the contrary notwithstanding, all
14 proceeds or receipts from the sale of Coconut Levy Assets
15 and/or Funds, except portions thereof for reimbursable
16 custodianship and operational expenses, or such amount
17 approved by the Trust Fund Management Committee to be
18 retained by the DDE, shall be remitted to the Trust Fund.

19 SEC. 16. *Reporting Requirements.* – The Trust Fund
20 Management Committee shall, on a semi-annual basis,

1 submit to the President and to the Congressional
2 Oversight Committee on Agriculture and Fisheries
3 Modernization (COCAFAM) a report on the status of
4 disposition of the Coconut Levy Assets, which shall
5 include, among others, a description of the individual
6 assets disposed of, their purchasers, the consideration
7 received, and the agreed terms of payment.

8 The DDEs shall, within three (3) months following
9 the closure of books at the end of each fiscal year, submit a
10 comprehensive annual report duly approved or endorsed by
11 the PCA to the President and to the COCAFAM on the
12 status of its privatization efforts and its disposition
13 program for the Coconut Levy Assets, which shall include
14 the items described in the immediately preceding
15 paragraph.

16 VII

17 FINAL PROVISIONS

18 SEC. 17. *Suppletory Application of Republic Act No.*
19 *10149.* – The provisions of Republic Act No. 10149,
20 otherwise known as the “GOCC Governance Act of 2011”,

1 insofar as they are not inconsistent with the provisions of
2 this Act, shall apply suppletorily.

3 SEC. 18. *Congressional Oversight.* – The Congressional
4 Oversight Committee on Agriculture and Fisheries
5 Modernization (COCAFAM) shall exercise oversight on the
6 implementation of this Act.

7 SEC. 19. *Separability Clause.* – If any provision of this
8 Act is declared invalid or unconstitutional, the other
9 provisions not affected by such declaration shall remain in
10 full force and effect.

11 SEC. 20. *Repealing Clause.* – All laws, executive
12 orders, administrative orders, and rules and regulations
13 inconsistent with this Act are hereby repealed or amended
14 accordingly.

15 SEC. 21. *Effectivity.* – This Act shall take effect fifteen
16 (15) days after its complete publication in the *Official*
17 *Gazette* or in two (2) newspapers of general circulation.

Approved,