



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

20 MAR -4 P4:17

SENATE

COMMITTEE REPORT NO. 65

RECEIVED BY _____

Submitted Jointly by the Committee on Agriculture, Food and Agrarian Reform and the Committee on Finance on **MAR - 4 2020**

Re: Senate Bill No. **1396** (Prepared by the Committees)

Recommending its approval in substitution of S. Nos. 31, 266, 1052 and 1127

Sponsor: Senator Cynthia A. Villar

Mr. President:

The Committee on Agriculture, Food and Agrarian Reform and the Committee on Finance to which was primarily and secondarily referred Senate Bill No. 31, introduced by Senator Pangilinan, entitled:

**"AN ACT
CREATING THE COCONUT FARMERS AND INDUSTRY TRUST FUND, PROVIDING FOR ITS MANAGEMENT AND UTILIZATION, AND FOR OTHER PURPOSES"**

Senate Bill No. 266, introduced by Sen. Recto, entitled:

**"AN ACT
CREATING THE COCONUT FARMERS AND INDUSTRY TRUST FUND, PROVIDING FOR ITS MANAGEMENT AND UTILIZATION, RECONSTITUTING FOR THE PURPOSE THE PHILIPPINE COCONUT AUTHORITY (PCA) AND FOR OTHER PURPOSES"**

Senate Bill No. 1052, introduced by Sen. Villar, entitled:

**"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"**

Senate Bill No. 1127, introduced by Sen. Marcos, entitled:

**"AN ACT
ESTABLISHING THE COCONUT TRUST FUND, PROVIDING FOR ITS
MANAGEMENT AND UTILIZATION, RECONSTITUTING THE
PHILIPPINE COCONUT AUTHORITY, AND FOR OTHER PURPOSES"**

have considered the same and have the honor to report them back to the Senate with the recommendation that the attached bill, S. No. 1396, prepared by the Committees, entitled:

**"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 approved in substitution of S. Nos. 31, 266, 1052, and 1127 with Senators Francis "Kiko" Pangilinan, Ralph G. Recto, Cynthia A. Villar, and Imee R. Marcos as authors thereof.

RESPECTFULLY SUBMITTED:



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Chairperson, Committee on Finance
Member, Committee on Agriculture,
Food and Agrarian Reform



CYNTHIA A. VILLAR
Chairperson, Committee on
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Committee on Finance
Member, Committee on Agriculture, Food
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JOEL VILLANUEVA
Committee on Finance



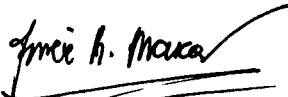
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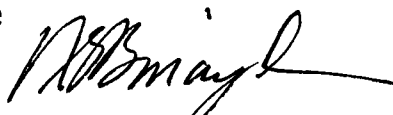
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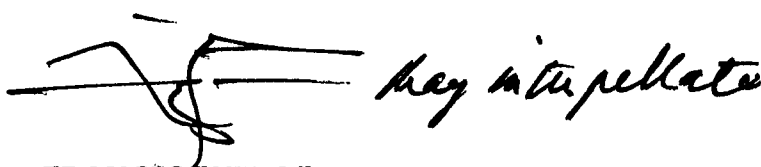
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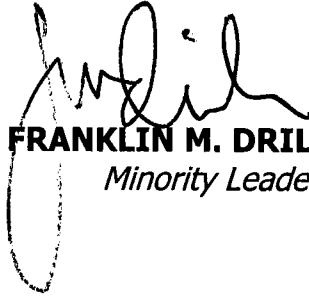
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President
Senate of the Philippines



EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
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SENATE

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Senate Bill No. **1396**

(In substitution of Senate Bill Nos. 31, 266, 1052 and 1127)

Prepared jointly by the Committee on Agriculture, Food and Agrarian Reform and the Committee on Finance with Senators Pangilinan, Recto, Villar and Marcos 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 the
2 “Coconut Farmers and Industry Trust Fund Act”.

3 SEC. 2. *Declaration of Policy.* – It is hereby declared the
4 policy of the State to consolidate the benefits due to coconut
5 farmers, especially the poor and marginalized, under various
6 statutes and to expedite the delivery thereof to attain
7 increased incomes for coconut farmers, alleviate poverty,
8 and achieve social equality.

9

I

1 DEFINITION OF TERMS

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

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

4 (1) An owner of a coconut farm, who:

5 (i) Tills the land (owner-cultivator), or

6 (ii) Does not till the land, but has control and
7 supervision over the cultivation of the coconut farm;

8 (2) A leaseholder or tenant who tills or supervises the
9 cultivation of the coconut farm; or

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

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

20 These shall include, among others, the following:

21 (i) The shares of stock in United Coconut Planters
22 Bank (UCPB) that were determined to be owned by the
23 government;

1 (ii) The CIIF-Oil Mills Group, which refers to the CIIF
2 companies, namely: Southern Luzon Coconut Oil Mills;
3 Cagayan de Oro Oil Co. Inc.; Iligan Coconut Industries, Inc.;
4 San Pablo Manufacturing Corp.; Granexport Manufacturing
5 Corp.; and Legaspi Oil Co., Inc.;

6 (iii) The CIIF Holding Companies, which refer to the
7 fourteen (14) holding companies, namely: Anglo Ventures
8 Corporation; ASC Investors, Inc.; Arc Investors, Inc.; AP
9 Holdings, Inc.; Fernandez Holdings, Inc.; First Meridian
10 Development, Inc.; Randy Allied Ventures, Inc.; Rock Steel
11 Resources, Inc.; Roxas Shares, Inc.; San Miguel Officers
12 Corps., Inc.; Soriano Shares, Inc.; Te Deum Resources, Inc.;
13 Toda Holdings, Inc.; and Valhalla Properties Limited, Inc.;

14 (iv) The Converted San Miguel Corporation (SMC)
15 Series 1 Preferred Shares, which refers to the 753,848,312
16 preferred shares of stock in SMC declared owned by the
17 government, together with all the dividends declared, paid,
18 or issued thereon, as well as any increments thereto arising
19 from, but not limited to, the exercise of pre-emptive rights;

20 (c) *Coconut Levy Funds* shall refer to various funds
21 generated from levies, taxes, charges, and other fees
22 exacted or imposed pursuant to or in connection with the
23 sale of *copra rececada* or its equivalent in other coconut
24 products, and collected for the most part from coconut

1 farmers, planters, millers, refiners, processors, exporters,
2 desiccators and other end-users of *copra rececada* or its
3 equivalent in other coconut products. Specifically, the term
4 shall refer to any or all of the following:

5 (i) The Coconut Investment Fund created under
6 Republic Act No. 6260;

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

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

12 (iv) The Coconut Industry Investment Fund created
13 under Presidential Decree No. 1468;

14 (d) *Designated Disposition Entity* refers to Government
15 Financial Institutions (GFIs) which, at the time of enactment
16 of this Act, are one hundred percent (100%) owned by the
17 Government, or National Government Agencies (NGAs),
18 which are approved by the Trust Fund Management
19 Committee, upon recommendation of the Trust Fund
20 Manager, to perform similar functions as the BTr under
21 Section 11 of this Act.

22 II

23 COCONUT FARMERS AND INDUSTRY DEVELOPMENT

24 PLAN

1 SEC. 4. *Preparation of the Coconut Farmers and*
2 *Industry Development Plan.* – The utilization of the Trust
3 Fund created under this Act, or any portion thereof, shall be
4 in accordance with a Coconut Farmers and Industry
5 Development Plan, which shall be prepared by the Philippine
6 Coconut Authority (PCA) and approved by the President of
7 the Philippines. In the performance of its functions, the PCA
8 shall consult coconut farmers and their organizations,
9 industry associations, civil society organizations, academe,
10 government agencies concerned and other stakeholders in
11 the coconut industry. The Plan shall set the directions and
12 policies for the development and rehabilitation of the
13 coconut industry within ninety-nine (99) years.

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

- 16 (a) Increased incomes of coconut farmers;
- 17 (b) Poverty alleviation and social equity; and
- 18 (c) Rehabilitation and modernization of the coconut
19 industry towards farm productivity.

20 The Plan shall include a national program for:

- 21 (a) community-based enterprises, including integrated
22 processing of products and downstream products intended
23 to increase incomes of coconut farmers;

1 (b) social protection that directly benefit coconut
2 farmers, farm workers, and their families, taking into
3 consideration existing social protection programs of the
4 government; and

5 (c) coconut farmers organization and development.

6 The Plan shall provide the criteria for targeting
7 beneficiaries, the indicators in determining the attainment of
8 the abovementioned objectives, and the mechanisms for
9 monitoring and evaluating the impact of the different
10 components of the program.

11 The Plan shall provide an indicative funding
12 requirement or allocation for the implementation of any and
13 all of the programs and projects to be funded by the initial
14 Trust Fund Principal and the Trust Fund Income, which
15 funding or allocation shall be itemized or broken down on a
16 project-to-project basis: *Provided, That,*

17 (i) for projects which are recurring, or to be
18 implemented on a regular basis, the allocation shall indicate
19 the annual amount that may be required to implement said
20 project;

21 (ii) for projects that are to be implemented or
22 concluded within a period of time, the allocation shall
23 indicate the total amount that may be required for the

1 implementation of the whole project, itemized according to
2 the phases or stages of said project; and

3 (iii) all projects shall be evaluated on the basis of
4 financial returns and increased farmers income.

5 The Plan shall also include strategic and inclusive
6 training programs dedicated for the coconut farmers based
7 on a comprehensive review of existing training programs.
8 Programs relating to planting, replanting, fertilization,
9 research and development, market promotion, farm-to-
10 market roads, and direct lending, shall be funded through
11 regular appropriations.

12 The Plan shall take into account the utilization of the
13 annual Trust Fund, based upon the amount in the Trust
14 Fund Account, under the following allocations:

- 15 (a) Shared facilities for processing, ten percent (10%);
16 (b) Farm improvement through diversification and/or
17 intercropping such as projects on livestock, dairy,
18 poultry, coffee, cacao production, ten percent
19 (10%);
20 (c) Development of hybrid coconut seed farms and
21 nurseries, to encourage self-sufficiency, ten percent
22 (10%);
23 (d) Empowerment of coconut farmer organization and
24 their cooperatives, ten percent (10%);

- 1 (e) Scholarship program, ten percent (10%);
2 (f) Health and medical program, ten percent (10%);
3 (g) Credit provision through the Development Bank of
4 the Philippines (DBP) and Land Bank of the
5 Philippines (LBP), ten percent (10%);
6 (h) Infrastructure development, ten percent (10%);
7 (i) Training of farmers in farm schools thru the
8 Technological Education and Skills Development
9 Authority (TESDA), ten percent (10%); and
10 (j) Planting and replanting, ten percent (10%) .

11 Within one hundred twenty (120) days from the
12 effectivity of this Act, the Plan shall be submitted by the PCA
13 to the President, for approval. The PCA shall, within ninety
14 (90) days from the effectivity of this Act, complete the
15 Coconut Farmers Registry.

16 Before the Plan is submitted to the President for
17 approval, the Department of Budget and Management,
18 Department of Finance, Department of Trade and Industry,
19 and the National Economic and Development Authority shall
20 provide their advisory opinions on the following matters:

- 21 (a) Whether the Plan is supportive of and consistent with
22 socio-economic development plans and oriented
23 towards the achievement of explicit objectives and

1 expected results, to ensure that the utilization of
2 Coco Levy Fund is conducted effectively;

3 (b) Whether the Plan manages Coco Levy Assets and
4 Funds judiciously and in a manner supportive of
5 development objectives;

6 (c) Whether the Plan accelerates and sustains economic
7 growth for the coconut industry;

8 (d) Whether the Plan is programmed within the context
9 of well-formulated and consistent long, medium, and
10 short-term development plans and policies that will
11 promote both the growth of the economy and the
12 equitable distribution of the benefits of said growth to
13 various members of society.

14 III

15 THE PHILIPPINE COCONUT AUTHORITY

16 SEC. 5. *The Philippine Coconut Authority (PCA)*. – The
17 PCA, an independent public corporation created under
18 Presidential Decree No. 1468, shall be reconstituted and
19 strengthened to ensure the participation of coconut farmers
20 in the crafting and implementation of the Coconut Farmers
21 and Industry Development Plan. The composition of the PCA
22 Board is hereby amended and the same shall now be
23 composed of the following:

- 1 a) The Secretary of the Department of Agriculture
- 2 (DA), as Chairperson;
- 3 b) The Secretary of the Department of Finance
- 4 (DOF), as Vice Chairperson;
- 5 c) The Secretary of the Department of Budget
- 6 and Management (DBM);
- 7 d) The Secretary of the Department of Science
- 8 and Technology (DOST);
- 9 e) The Secretary of the Department of Trade and
- 10 Industry (DTI);
- 11 f) The Administrator of the Authority; and
- 12 g) Three (3) members from the coconut farmers
- 13 sector (one each from Luzon, Visayas, and
- 14 Mindanao); *Provided*, That the representatives
- 15 from the coconut farmers sector shall be
- 16 Filipino citizens, registered with the PCA's
- 17 Coconut Farmers Registry, have considerable
- 18 experience and reputable track record in
- 19 promoting coconut farmers' interest and
- 20 welfare, and nominated by coconut farmers
- 21 organizations or cooperatives that are active
- 22 for the past three (3) years in farmer
- 23 organization and development or community
- 24 enterprise development. They shall be

1 appointed by the President of the Philippines
2 from a list of four (4) nominees for each island
3 grouping: *Provided, further,* That any
4 appointment to fill a vacancy in the Board
5 arising from death, removal, retirement, or
6 resignation of the appointive members of the
7 board shall only be for the unexpired term:
8 *Provided, finally,* That the term of office of the
9 appointive members of the Board shall be for
10 one (1) year, unless sooner removed for cause.

11 The government representatives in the
12 reconstituted PCA Board shall coordinate with the
13 PCA in promulgating a nomination and screening
14 process for the nominees of representatives of the
15 coconut farmers in consultation with their
16 respective organizations or associations.

17 IV

18 FUTURE RECONVEYANCE OF COCONUT LEVY ASSETS
19 AND/OR FUNDS

20 SEC. 6. *Reconveyance.* - Any person having any
21 Coconut Levy Asset and/or Fund in its administration,
22 authority, custody, or control which have been finally
23 declared by the Supreme Court as belonging to the

1 Government, shall perform or cause the performance of the
2 following:

- 3 (1) Reconvey title to the Republic of the Philippines;
- 4 (2) Deliver all stock certificates and other evidence of
5 ownership to the Bureau of the Treasury (BTr) for
6 safekeeping; and
- 7 (3) Transfer all cash Coconut Levy Assets to the Trust
8 Fund;

9 Provided, That no temporary restraining order (TRO) or any
10 injunction order can be issued except by the Supreme Court.

11 The Commission on Audit, in coordination with the
12 Presidential Commission on Good Government, shall conduct
13 an inventory and audit to determine compliance with
14 pertinent laws, rules and regulations on the reconveyance of
15 the Coconut Levy Assets and/or Fund to the Republic.

16 V

17 COCONUT FARMERS AND INDUSTRY TRUST FUND

18 *SEC. 7. The Coconut Farmers and Industry Trust*
19 *Fund.* – There is hereby created a Trust Fund to be known
20 as the “Coconut Farmers and Industry Trust Fund,” referred
21 to in this Act as the “Trust Fund,” which shall be capitalized,
22 managed, invested, utilized and accounted for in the manner
23 provided in this Act.

1 The Trust Fund shall be maintained in such manner
2 for ninety-nine (99) years under the Coconut Farmers and
3 Industry Development Plan to be formulated under Section
4 4 of this Act, and shall be used for the benefit of the
5 coconut farmers and the development of the coconut
6 industry.

7 *SEC. 8. Nature and Capitalization of the Trust Fund. –*

8 The Coconut Farmers and Industry Trust Fund is separate
9 and distinct from the regular funds appropriated to the PCA
10 through the annual General Appropriations Act (GAA). As
11 such, the PCA shall continue to pursue its mandate of
12 implementing programs and projects from the regular GAA
13 appropriations and from funds under the Trust Fund.

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

23 For this purpose, any provision of law to the contrary
24 notwithstanding, all government agencies holding Coco Levy

1 Funds and/or Assets shall transfer any and all monies to the
2 Trust Fund within a period not exceeding five (5) years from
3 the effectivity of this Act. Immediately upon the enactment
4 of this Act, the BTr shall transfer Five Billion Pesos
5 (P5,000,000,000.00) to a separate Trust Fund Account.

6 The Trust Fund shall thereafter be augmented with all
7 proceeds of privatization or disposition of the Coconut Levy
8 Assets remitted directly thereto by the BTr, Privatization and
9 Management Office (PMO), or other Designated Disposition
10 Entities in accordance with this Act, including any and all
11 forms of income, interests, earnings, yields, or any monetary
12 benefit derived prior to the privatization or disposition of any
13 of the Coconut Levy Assets, and any and all forms of
14 income, interests, earnings, yields, or any monetary benefit
15 derived from retained Coconut Levy Assets.

16 Any amount of the Trust Fund income above the
17 annual inflation rate shall be available for disbursement by
18 the PCA, which shall be utilized in accordance with the
19 Development Plan for a period of ninety-nine (99) years:
20 *Provided*, That the amount in the Trust Fund account for
21 disposition by the PCA under the Development Plan shall not
22 be lower than Five Billion Pesos (P5,000,000,000,000.00) for
23 any given year.

1 SEC. 9. *Utilization of the Trust Fund.* – The utilization of
2 the Trust Fund or any portion thereof shall be in accordance
3 with the Coconut Farmers and Industry Development Plan
4 as provided in Section 4 of this Act: *Provided,* That for
5 purposes of the implementation of the Plan, for the
6 execution of programs and projects identified in the Plan
7 that are allowed to be funded out of the Trust Fund,
8 pending the accrual or availability of the Trust Fund Income,
9 and subject to annual Government audit, an initial allocation
10 of Five Billion Pesos (P5,000,000,000.00) shall be available
11 to the PCA, which shall include disbursements for the
12 formulation of the Coconut Farmers and Industry
13 Development Plan.

14 In the utilization of the Trust Fund, the PCA shall have
15 the following powers and functions:

16 (a) Approve disbursements from the Trust Fund
17 including the funding for:

18 (i) the formulation of the Coconut Farmers and
19 Industry Development Plan; and

20 (ii) the disbursements in accordance with the
21 Coconut Farmers and Industry
22 Development Plan.

23 (b) Issue policies, rules and guidelines as may be
24 necessary to implement the provisions of this Act.

1 SEC. 10. *Creation of a Trust Fund Management*
2 *Committee.* – There is hereby created a Trust Fund
3 Management Committee, which shall be comprised of
4 authorized representatives of the Department of Finance
5 (DOF), Department of Budget and Management (DBM), and
6 Department of Justice (DOJ). The Trust Fund Management
7 Committee shall be responsible for setting the Investment
8 Strategy of the Trust Fund, which includes the following,
9 among others:

- 10 a. Setting of investment priorities;
- 11 b. Setting of investment themes;
- 12 c. Evaluation of assets to determine portfolio size;
- 13 d. Setting of asset allocation;
- 14 e. Setting of policies with respect to particular asset
15 types;
- 16 f. Guidelines for portfolio turnover;
- 17 g. Guidelines for Trust Fund Management Expenses;
- 18 h. Set the annual allocation of the Trust Fund
19 available for disbursement to the PCA;
- 20 i. Approval of the financial requirements of
21 Designated Disposition Entities in relation to its
22 function set forth under this Act, including its annual

1 budget for operations, management, and
2 privatization/disposition of Coconut Levy Assets
3 and/or Funds transferred and entrusted in its care;

4 j. Designation of alternative Designated Disposition
5 Entities as defined in Section 3 of this Act; and

6 k. Other guidelines as may be necessary to fulfill its
7 mandate under this Act.

8 The BTr shall act as the Trust Fund Management
9 Committee Secretariat and shall maintain records and
10 accounts of all investments, receipts, disbursements, and
11 other transactions relating to the management,
12 administration, and utilization of the Trust Fund;
13 Provided, That these records and accounts shall be
14 maintained in accordance with existing accounting and
15 auditing laws, rules and regulations, and shall be audited
16 by the Commission on Audit (COA).

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

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

3 SEC. 11. *Designation of DOF as Trust Fund*
4 *Manager.* – The DOF is hereby designated as Manager of
5 the Trust Fund. As Manager, it shall be responsible for
6 implementing the Investment Strategy set by the Trust
7 Fund Committee and managing the portfolio of the Trust
8 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
13 decisions;
- 14 b. Recommend its portfolio strategy to the Trust Fund
15 Committee;
- 16 c. In managing the portfolio, track financial results of
17 the companies in the portfolio and its various metrics,
18 such as but not limited to, price-to-earnings ratios,
19 inflation-adjusted return, sales, earnings, and
20 dividends;
- 21 d. Recommend to the Trust Fund Committee the
22 designation of alternative Designated Disposition
23 Entities defined in Section 3 of this Act; and

- 1 e. Perform other acts necessary to fulfill its mandate
2 under this Act.

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

- 8 a. Hold, account, and collect on a timely basis all
9 current and future income and other payments
10 with respect to securities and other assets to
11 which the Trust Fund shall be entitled to in the
12 manner set forth by the Department of Finance as
13 Trust Fund Manager;
- 14 b. Release and deliver out securities and other assets
15 of the Trust Fund upon receipt of proper
16 instructions from the Trust Fund Manager,
17 specifying the securities or assets to be delivered
18 out and the person or persons to whom the
19 delivery is to be made;
- 20 c. Release funds directly for the implementation of
21 projects as instructed by the PCA pursuant to the
22 implementation of the Coconut Farmers and

1 Industry Development Plan as approved by the
2 President under Section 4 of this Act; and

3 d. Perform any act as may be directed by the Trust
4 Fund Manager in accordance with the Investment
5 Guidelines set forth by the Trust Fund Committee.

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

13 The Trust Fund Management Committee may
14 designate alternative Designated Disposition Entities as
15 defined in Section 3 of this Act.

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

21 SEC. 13. *Disposition of Non-Cash Coconut Levy*
22 *Assets.* – Pursuant to the mandate and the direction and
23 policies set by relevant regulatory agencies, Coco Levy

1 Assets defined in Section 3 hereof, which are assigned by
2 the Trust Fund Management Committee to Designated
3 Disposition Entities shall be privatized or disposed subject to
4 the regulatory approvals as required by law.

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

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

20 Subject to the approval of the Trust Fund
21 Management Committee, the Designated Disposition Entities
22 are hereby empowered to:

- 1 (i) Implement the marketing and disposition program
2 of the Coconut Levy Assets and/or Funds;
- 3 (ii) Execute and deliver, on behalf of the National
4 Government, deeds of sale, contracts, trust
5 instruments, and other legally operative
6 documents as may be necessary or appropriate
7 to convey title to, take possession of, and
8 conserve, such assets;
- 9 (iii) Engage external expertise as may be
10 necessary in the fulfillment of its tasks under
11 this Act; and
- 12 (iv) Adopt internal rules and regulations in relation
13 to the marketing and disposition of the
14 Coconut Levy Assets and/or Funds.

15 The Designated Disposition Entities shall prepare
16 the disposition plans and policies of the Coconut Levy Assets
17 transferred to it. They are empowered to enter into sales
18 through public bidding, negotiated sale, lease, or any form
19 of divestment or transmission of rights over the Coconut
20 Levy Assets and/or Funds, including a partnership with the
21 private sector in the management or operation of these
22 Coconut Levy Assets and/or Funds prior to actual sale or
23 disposition in accordance with the Investment Guidelines

1 approved by the Trust Fund Management Committee:
2 Provided, That the maintenance and operation expenses of
3 the non-cash assets shall not in any manner be taken from
4 the existing cash component of the coco levy assets.

5 Prior to the implementation of any disposition plan
6 for corporations transferred to it, the Disposition Entities
7 may recommend the following:

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

15 (ii) Direct any of the subject corporations to
16 submit to the Disposition Entity, within fixed
17 time-tables, such reports and information as
18 the Disposition Entity may require in the
19 exercise of its ownership, administrative, and
20 disposition over such corporations or their
21 assets; and

22 (iii) Cause the subject corporations to undergo
23 rehabilitation, merger, consolidation, spin-off,

1 or other corporate acts of reformatory nature
2 as it may deem necessary or desirable to
3 expedite the disposition and privatization under
4 this Act.

5 Any of the above-enumerated, as well as the final
6 disposition of such assets, shall be subject to the approval of
7 the Trust Fund Management Committee.

8 **SEC. 15. *Remittance of Proceeds of Privatization.* -**

9 Any provision of law to the contrary notwithstanding, all
10 proceeds or receipts from the sale of Coconut Levy Assets
11 and/or Funds, except portions thereof for reimbursable
12 custodianship and operational expenses, or such amount
13 approved by the Trust Fund Management Committee to be
14 retained by the Designated Disposition Entity, shall be
15 remitted to the Trust Fund.

16 **SEC. 16. *Reporting Requirements.* -** The Trust
17 Fund Management Committee shall, on a semi-annual basis,
18 submit to the President a report on the status of disposition
19 of the Coconut Levy Assets, which shall include, among
20 others, a description of the individual assets disposed of,
21 their purchasers, the consideration received, and the agreed
22 terms of payment.

1 The Designated Disposition Entities shall, within
2 three (3) months following the closure of books at the end
3 of each fiscal year, submit a comprehensive annual report
4 duly approved or endorsed by the PCA to the President on
5 the status of its privatization efforts and its disposition
6 program for the Coconut Levy Assets, which shall include
7 the items described in the immediately preceding paragraph.

8 VII

9 FINAL PROVISIONS

10 SEC. 17. *Suppletory Application of Republic Act No.*
11 *10149.* – The provisions of Republic Act No. 10149,
12 otherwise known as the "GOCC Governance Act of 2011,
13 insofar as they are not inconsistent with the provisions of
14 this Act, shall apply suppletorily.

15 SEC. 18. *Separability Clause.* – If any provision of
16 this Act is declared invalid or unconstitutional, the other
17 provisions not affected by such declaration shall remain in
18 full force and effect.

19 SEC. 19. *Repealing Clause.* – All laws, executive
20 orders, administrative orders, and rules and regulations
21 inconsistent with this Act are hereby repealed or amended
22 accordingly.

1 SEC. 20. *Effectivity.* – This Act shall take effect
2 fifteen (15) days after its complete publication in the Official
3 Gazette or in two (2) newspapers of general circulation.

4 Approved,

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