

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



Senate
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SENATE

S. No. 455

RECEIVED BY: *ju*

Introduced by Senator Ralph G. Recto

Explanatory Note

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

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

A few months after the issuance of PD 414, Presidential Decree No. 582 created the Coconut Industry Development Fund (CIDF). The CIDF, unlike the CCSF, is a permanent fund, thereby making the collection of the coco levy permanent as well. The CIDF shall serve to finance the establishment, operation and maintenance of a hybrid coconut seed nut farm.

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

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

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

Substantial collections have been accumulated from the imposition of the coco levy. By 1986, the Coco Levy Funds have amounted to as much as 9.7 Billion Pesos.

Almost forty years since its establishment, the Coco Levy Funds is now estimated to be worth One Hundred (100) Billion Pesos in aggregate market value, comprising various assets and entities such as the CIIF-OMG, including its 14 holding companies, as well as the UCPB, United Coconut Chemicals (Cocochem), United Coconut Planters International (UCPI), United Coconut Planters Assurance Corporation (Cocolife), and the shares of stocks in San Miguel Corporation (SMC) that are owned by the CIIF-OMG Companies.

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

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

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

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

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

“AS WELL AS THE 14 HOLDING COMPANIES, NAMELY:

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

“AND THE CIIF BLOCK OF SAN MIGUEL CORPORATION (SMC) SHARES OF STOCK TOTALING 33,133,266 SHARES AS OF 1983 TOGETHER WITH ALL DIVIDENDS DECLARED, PAID AND ISSUED THEREON AS WELL AS ANY INCREMENTS THERETO ARISING FROM, BUT NOT LIMITED TO, EXERCISE OF PRE-EMPTIVE RIGHTS ARE DECLARED OWNED BY THE GOVERNMENT IN TRUST FOR ALL THE COCONUT FARMERS AND ORDERED RECONVEYED TO THE GOVERNMENT.

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

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

xxx

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

Despite such decisions by the Judiciary, the disposition of Coco Levy Funds remains unsettled. Therefore, a legislative action on the disposition of the Coco Levy Funds is warranted.

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

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

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

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

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


RALPH G. RECTO



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AN ACT

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

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

1 **SECTION 1. Short Title.** - This Act shall be known as the "Coconut Levy Assets Disposition Act of
2 2013".

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

I

Definition of Terms

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

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

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

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

1 x. San Miguel Officers Corp., Inc.

2 xi. Soriano Shares, Inc.

3 xii. Te Deum Resources, Inc.

4 xiii. Toda Holdings, Inc.

5 xiv. Valhalla Properties Limited, Inc.

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

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

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

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

18 ii. The Coconut Consumers Stabilization Fund created under Presidential Decree No. 276;

19 iii. The Coconut Industry Development Fund created under Presidential Decree No. 582;

20 iv. The Coconut Industry Stabilization Fund created under Presidential Decree No. 1841; and

21 v. The Coconut Industry Investment Fund created under Presidential Decree No. 1468.

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

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

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

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

33 (j) "PCA" shall refer to the Philippine Coconut Authority, created under Presidential Decree
34 232 (S. 1973) as amended by Presidential Decree 1468 (S. 1978).

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

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

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

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

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

6 II

7 Audit of Coconut Levy Assets

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

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

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

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

23 III

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

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

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

32 **Sec. 6. *Purpose of the Trust Fund.*** - The Trust Fund shall be established for the purpose of
33 developing the coconut industry through the implementation of the Coconut Industry Rationalization
34 Plan, and for the implementation of programs for the benefit of the coconut farmers, as approved by the
35 Committee.

36 **Sec. 7. *Capitalization of the Trust Fund.*** - Any and all monies deposited with the United Coconut
37 Planters Bank under the name of the CIIF pursuant to the provisions of Presidential Decree No. 1468, as
38 amended, and any and all proceeds for the redemption of the CIIF SMC Shares and all dividends accruing

1 or have accrued thereto shall form part of the initial capital of the Trust Fund. The Trust Fund shall
2 thereafter be augmented with all proceeds of privatization/disposition of the Coconut Levy Assets
3 remitted thereto by the PMO in accordance with this Act, including any and all forms of income, interests,
4 earnings, yields, or any monetary benefit which accrues to the Trust Fund pursuant to the investments
5 made pursuant to Section 9 of this Act.

6 **Sec. 8. Utilization of the Trust Fund.** - All dispositions or uses of the Trust Fund or any portion
7 thereof shall require approval of the Committee. The Trust Fund shall be used for the purposes and in the
8 manner provided for under this Act. An amount for the implementation of the Coconut Industry
9 Rationalization Plan shall be allocated or earmarked from the Trust Fund: *Provided*, That, upon
10 termination of the Trust Fund in accordance with Section 5 of this Act, any and all proceeds remaining in
11 the Trust Fund and not otherwise earmarked for the implementation of the Coconut Industry
12 Rationalization Plan shall revert to the General Fund of the National Treasury.

13 **Sec. 9. Designation of Trustee Bank/s.** - The Committee shall designate a reputable government
14 depository bank/s, which shall (i) manage, utilize and account for the Trust Fund in the manner and within
15 the parameters set forth by the Committee, and (ii) exercise the tasks, functions and duties determined and
16 established by the Committee.

17 IV

18 The Coconut Industry Fund Committee

19 **Sec. 10. Creation of the Coconut Industry Fund Committee.** - There is hereby created a central
20 advisory, monitoring, and oversight body with authority to formulate, implement and coordinate policies,
21 to be known as the Coconut Industry Fund Committee which shall be attached to the Office of the
22 President. The Committee shall have the following powers and functions:

- 23 (1) Identify all portions of the Coconut Levy Assets for liquidation, privatization, and
24 disposition, and arrange for their transfer to the National Government and/or to the PMO
25 for the same purposes;
- 26 (2) Formulate and amend from time to time the Investment Guidelines;
- 27 (3) Make, approve, or disapprove, any and all disbursements or expenditures of the Trust Fund
28 or any portion thereof in accordance with this Act;
- 29 (4) Designate the government depository bank/s that will receive, hold, and administer the
30 Trust Fund;
- 31 (5) Appoint and procure fund managers in such number as it deems necessary to manage the
32 investments of the Trust Fund;
- 33 (6) Establish mandatory as well as indicative guidelines for the conservation, rehabilitation
34 and disposition of the Coconut Levy Assets by the PMO;
- 35 (7) Approve, or disapprove, on behalf of the National Government and without need of any
36 further approval by, or other action from any other government institution or agency, the
37 sale or disposition of such assets, which sale or disposition shall be conducted by the
38 PMO: *Provided*, That neither Committee itself, nor any of its members, shall undertake the

1 marketing of any such assets, participate in the negotiation for their sale, or make the sale
2 itself, nor yet bring about any situation which may give rise to a conflict of interest;

- 3 (8) Approve or disapprove, subject to the availability of funds for such purpose, the
4 rehabilitation of Coconut Levy Assets pending their disposition by the PMO with the
5 approval of the Committee: *Provided*, That the budget for each rehabilitation project shall
6 likewise be approved by the Committee;
- 7 (9) Exercise on behalf of the National Government all rights and incidents of ownership with
8 respect to such assets, including the right to vote, whether directly or through duly
9 authorized nominees, shares of stock held in the name of the National Government;
- 10 (10) Approve and revise, from time to time, the financial requirements of the PMO in relation
11 to its functions set forth in this Act, including its annual budget for operations,
12 conservation, management and disposition of the Coconut Levy Assets transferred and
13 entrusted under its care;
- 14 (11) Appoint, transfer, remove, and fix the remuneration of, personnel of the Committee;
- 15 (12) Prepare the Rationalization Plan for the development of the coconut industry. The
16 Rationalization Plan shall include, among others, plans for coconut productivity and
17 investment programs, replanting, industry rehabilitation, scientific and medical research,
18 integrated downstream processing, and market promotion programs;
- 19 (13) Exercise such other incidental powers and functions as may be necessary to attain the
20 objectives of this Act.

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

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

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

- 34 a) Execute, administer and implement the plans and programs approved or promulgated by
35 the Committee;
- 36 b) Submit for the consideration of the Committee such plans and programs deemed necessary
37 to carry out the provisions and purposes of this Act;
- 38 c) Direct and supervise officials, employees, representatives and agents for the Committee;

- 1 d) Prepare an annual report on the activities of the Committee at the close of each fiscal year
2 and to submit a copy thereof to the President of the Philippines;
3 e) Keep and maintain official records and reports of the proceedings of the Committee,
4 f) Administer oaths in all matters falling within the jurisdiction of the Committee; and
5 g) Exercise such other duties as may be vested by the Committee that are consistent with the
6 provisions of this Act.

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

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

18 **Sec. 13. Legal Counsel.** - The Secretary of Justice shall be the *ex-officio* adviser to the Committee on
19 all legal matters.

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

25 V

26 Coconut Industry Rationalization Plan

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

31 VI

32 Privatization of the Coconut Levy Assets

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

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

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

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

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

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

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

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

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

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

1 **Sec. 20. *Reimbursement and Retention.*** - In order to fulfill its additional mandate under this Act, the
2 PMO shall be reimbursed for actual reasonable expenses incurred in the management and disposition of
3 the Coconut Levy Assets. Likewise, it shall be allowed to retain commissions, due diligence fees and
4 proceeds from the sale of assets according to Asset Bidding Rules, information memoranda and similar
5 documents, as well as a portion or percentage of proceeds from disposition efforts, all not to exceed ten
6 percent (10%), to be approved by the Committee. Such amount shall be utilized for the payment of fees
7 and reimbursable expenses and of the costs and expenses incurred by the PMO in the performance of its
8 responsibilities under this Act.

9 **Sec. 21. *Remittance of Proceeds of Privatization.*** - All proceeds or receipts from the sale of Coconut
10 Levy Assets, except portions thereof for reimbursable custodianship and operational expenses, or such
11 amount approved by the Committee to be retained by the PMO under Section 20, shall be remitted to the
12 Coconut Industry Fund.

13 **Sec. 22. *Reporting Requirements.*** - The Committee shall, on a semi-annual basis, submit to the
14 President and to Congress a report on the status of disposition of the Coconut Levy Assets, which shall
15 include, among others, a description of the individual assets as disposed of, their purchasers prospective
16 and past, the consideration received, and the terms of payment as agreed upon.

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

VII

Miscellaneous

21
22
23 **Sec. 23. *Accreditation of Coconut Farmers' Organization.*** - Within thirty (30) days following the
24 date of effectivity of this Act, the PCA, in coordination with NAPC shall formulate and implement an
25 accreditation program for coconut farmers' organizations in order to determine the legitimate coconut
26 farmers' organizations from which nominees may be drawn for purposes of comprising the requisite seats
27 in the Committee pursuant to Section 11 of this Act. The PCA shall, after fifteen (15) days, submit to the
28 President the list of nominees to be appointed.

29 **Sec. 24. *Applicability of Republic Act No. 10149 and Executive Order 323.*** - In case of doubt in the
30 interpretation of the provisions of this Act, the provisions of Republic Act No. 10149 otherwise known as
31 the "GOCC Governance Act of 2011" and Executive Order 323 or "Constituting and Inter-Agency
32 Privatization Council (PC) and Creating A Privatization and Management Office (PMO) Under The
33 Department of Finance For The Constituting Privatization of Government Assets and Corporations" shall
34 apply suppletorily.

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

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

3 **Sec. 27. Repealing Clause.** - All laws, executive and administrative order, rules and regulations
4 inconsistent with the foregoing provisions are hereby amended accordingly. Executive Order No. 277, s.
5 of 1995, Executive Order No. 481, s. of 1998, Executive Order No. 482, s. of 1998 and Executive Order
6 No. 313, s. of 2000 are hereby repealed.

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

Approved,