


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



'16 JUL 20 P 3:18

SENATE
S.B. No. 669

RECEIVED BY: 

Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

AN ACT
TO SPUR RURAL DEVELOPMENT IN THE COCONUT SECTOR BY ESTABLISHING THE
COCONUT FARMERS' TRUST FUND, PROVIDING FOR THE MANAGEMENT THEREOF, AND
FOR OTHER PURPOSES

EXPLANATORY NOTE

For more than forty years, the coconut farmers have long been fighting for their rights - not just to have access to the Coco Levy - but their right to have the opportunity to develop their industry, and provide better lives for their families and communities as well.

The immense potential of the coconut industry to be a great contributor to the Philippines is largely untapped. With the advancement of farming technology and intercropping, there is a huge possibility to harness the coconut industry to address increasing demands and offer coco fiber, water, and oil, among others to new markets.

It is high time to change its narrative from one of the poorest sector in the country to a great economic driver and source of pride of the Filipino people.

This bill proposes to build the Coconut Levy Trust Fund for the growth of the industry and ultimately, for the benefit of the small coconut farmers and workers all over the country.

The proposal includes the financing of programs for the increased productivity of coconut farms, capacity building of farmers, research and development of coconut-based enterprises, and implementation of poverty-alleviation programs.

The goal is to rehabilitate and revitalize the industry to stimulate production and attract investments that will make it again a viable, profitable and sustainable endeavor. The proposal seeks to modernize the farmers and stakeholders to make coconut production globally competitive and become a vital source of economic income for the country.

The challenge of inclusive growth is that as the Philippines grows, every Filipino should grow as well. This means that every family, every sector, and even the poor and marginalized should be able to experience this growth.

It is thus urgent and important to provide the coconut farmers the enabling environment and proper opportunity to thrive and flourish, and be able to participate in building this nation.

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



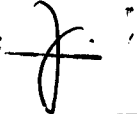
Senator Paolo Benigno "Bam" A. Aquino IV

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

1 **SECTION 1. *Short Title.*** – This act shall be known as the "Coconut Farmers' Trust
2 Fund Act".

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

7 **SEC. 3. *Constitution of the Coconut Farmers Trust Fund.*** – Pursuant to the provisions
8 of the Presidential Decrees and other issuances creating the coconut levy trust fund and in
9 line with the decisions of the courts affirming the trust character of the fund, there is hereby
10 constituted an irrevocable trust fund, to be known as the Coconut Farmers Trust Fund
11 (herein referred to as the "Trust Fund"), which shall be capitalized, managed, utilized and
12 accounted for in the manner hereinafter provided.

1 **SEC. 4. Purpose of the Trust Fund.** – The Fund shall be established for the
2 development of the coconut industry for the ultimate benefit of the small coconut farmers
3 and farm workers. Its purpose shall include the financing of programs or assistance for the
4 benefit of the coconut farmers, increased productivity of the coconut industry, and
5 development of coconut-based enterprises and other anti-poverty programs.

6 **SEC. 5. Initial Capitalization of the Trust Fund.** The Coconut Industry Investment
7 Fund – San Miguel Corporation (CIIF-SMC) block of shares, starting with the proceeds of the
8 Series 1 preferred shares together with all dividends declared, paid or issued thereon, as
9 well as any increments thereto, and all other available funds shall form the initial capital of
10 the Trust Fund. The government shall reconvey the aforesaid proceeds, dividends and
11 increments thereto to the Trust Fund Committee created under Section 9, under such terms
12 and conditions consistent with this Act.

13 Nothing in this Act shall be understood to prevent or prohibit any person, group or
14 entity from conveying to the Committee other properties and/or additional assets which
15 shall form part of the initial capitalization of the Trust Fund.

16 **SEC. 6. Extent of the Trust Fund.** – The Trust Fund shall be composed of the
17 following:

- 18 (a) Initial capitalization as provided in Section 5;
19 (b) Such other properties and/or assets intended for the purpose herein stated, and
20 conveyed or transferred to the Committee emanating from all coco levy recovered assets;
21 and,
22 (c) Grants, donations and other lawful transfers by public or private entities.

23 **SEC. 7. Perpetual Nature of the Trust Fund.** – In order to ensure an enduring
24 character of the Fund and for maximum benefits of the coconut farmers and the industry, it

1 shall be managed and administered in a prudent manner consistent with its character as a
2 perpetual fund:

3 (a) The principal shall be perpetually maintained and preserved. For this purpose,
4 the principal is defined as all recovered coco levy assets including their dividends, which
5 shall be managed to generate income and/or interest. The principal may be augmented by
6 grants, donations and other lawful transfers by public or private entities;

7 (b) In the event that any property or asset of the Trust Fund (or any portion hereof,
8 as the case may be) is subsequently sold, alienated or disposed of, the proceeds and
9 revenues arising out of and realized from such sale, alienation or dispositions, shall form
10 part of the principal;

11 (c) Only the income, interest earnings

12 (d) and monetary benefit realized by and accruing on the principal shall be used for
13 programs and/or projects and disposed of by the Committee for such purposes and
14 endeavors specific under the provisions of this Act.

15 **SEC. 8. Designation of Trustee Bank/s.** – The Committee shall designate reputable
16 depository bank/s of the Trust Fund, which shall:

17 (a) Manage, utilize and account for the Trust Fund or a portion thereof in the
18 manner hereinafter provided by the Committee, and

19 (b) Exercise the tasks, functions and duties determined and established by the
20 Committee created under the provisions of this Act, to the extent allowed under applicable
21 laws.

22 **SEC. 9. The Coconut Farmers Trust Fund Committee.** – A Coconut Farmers Trust
23 Fund Committee is hereby created under the Office of the President for the management
24 and administration of the trust fund and the disposition and the utilization of the earnings
25 and incomes thereof for the development of the coconut industry and ultimate benefit of
26 the small coconut farmers and farm workers.

1 The Coconut Farmers Trust Fund Committee (herein referred to as the
2 "Committee") shall be composed of the President of the Philippines sitting as its
3 chairperson, and fourteen (14) other members, as follows:

4 (a) Four (4) representatives from the government, who shall be the Secretary of
5 Agriculture, Secretary of Finance, Secretary of the National Anti-Poverty Commission, and
6 Director General of the National Economic and Development Authority;

7 (b) Two (2) representatives from the finance and banking sector, who must have
8 extensive experience and proven expertise in finance, banking and trust management;

9 (c) Six (6) representatives from coconut farmers' organizations which have
10 considerable experience and reputable track record; and,

11 (d) Two (2) representatives from civil society organizations with focus on uplifting
12 the small coconut farmers and the industry, and which have considerable experience and
13 reputable track record;

14 The nominees of the coconut farmers' organizations and the civil society
15 organizations shall be validated and shortlisted by the National Anti-Poverty Commission.

16 A Vice Chair and the members of the Committee shall be appointed by the
17 President.

18 With the exception of the President and the government representatives whose
19 position in the Committee is co-terminus with their respective terms in office, the members
20 of the Committee shall each hold a term of three (3) years and can only be reappointed
21 once.

22 **SEC. 10. Functions and Responsibilities of the Committee.** – To ensure that the
23 benefits and gains arising out of the Trust Fund directly redound to, and are received by, the
24 small coconut farmers and farm workers, the Committee shall:

25 (a) Decide on the disposition, utilization and allocation of the said funds and assets,
26 in consultation with the coconut farmers, for the following special purposes:

27 i. increase in the productivity of small coconut farmers through sustainable
28 means;

- 1 ii. rehabilitation of the coconut industry and promotion of coconut-based
- 2 farm systems;
- 3 iii. establishment of coconut-based enterprises and modernization towards
- 4 global competitiveness;
- 5 iv. other poverty alleviation and social equity programs.

6 (b) Set the investment and asset management policy of the Trust Fund in
7 consideration of all existing coconut industry development studies and plans
8 consistent with the purposes of this Act. The said asset management policy shall
9 include an immediate evaluation of all reconveyed assets, determine its
10 usefulness to the coconut farmers and the industry, and recommend the
11 appropriate disposition thereof if necessary;

12 (c) Periodically review the established priorities for the preferential assistance to
13 small coconut farmers and farm workers, revised as necessary in accordance
14 with changing conditions;

15 (d) Formulate the rules and regulations governing the allocation, utilization and
16 disbursements of the Fund;

17 (e) Form a Secretariat that would provide staff work and serve the needs of the
18 Committee for the purposes stated in this Act;

19 (f) Monitor implementation and exercise oversight functions;

20 (g) Perform such other acts necessary, proper or conducive to attain the purposes of
21 the Fund.

22 **SEC. 11. *Operating Budget.*** – The operating budget of the Committee and its
23 Secretariat shall be sourced out from a portion of the interest earnings of the principal,
24 which shall not exceed ten percent (10%) of the amount of projects and programs for
25 implementation.

26 **SEC. 12. *Implementing Agencies.*** – The Committee may call upon any department,
27 bureau, office, agency and instrumentality of the government of the Republic of the

1 Philippines, including government-owned and controlled corporations, such as the
2 Philippine Coconut Authority, the Department of Agriculture, Department of Science and
3 Technology, Department of Energy to implement identified programs and projects.

4 **SEC. 13. *Message of the Committee.*** – The Committee shall meet at least once a
5 month, or as often as deemed necessary by the Chairperson.

6 **SEC. 14. *Annual Accounting and Audit.*** The Committee shall maintain appropriate
7 records and accounts of all investments, receipts, disbursements and other transactions
8 relating to the management and administration of the Trust Fund and disposition of the
9 Trust Income.

10 The Trust Fund and Trust Income shall be audited annually by the Commission on
11 Audit.

12 **SEC. 15. *Reconveyance.*** The Presidential Commission on Good Government, the
13 Office of the Solicitor General and other appropriate government instrumentalities are
14 hereby directed to take all the necessary steps to reconvey all recovered coconut levy funds
15 and assets to the Committee.

16 **SEC. 16. *Implementing Rules and Regulations.*** – Within sixty (60) days from the
17 effectivity of this Act, the Department of Agriculture shall promulgate the necessary rules
18 and regulations for the implementation of this Act.

19 **SEC. 17. *Separability Clause.*** - Should any provision herein be declared
20 unconstitutional, the same shall not affect the validity of the other provisions of this Act.

21 **SEC. 18. *Repealing Clause.*** – All laws, rules and regulations, other issuances or parts
22 thereof, which are inconsistent with this Act, are hereby repealed or modified accordingly.

1 **SECTION 19. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
2 complete publication in the *Official Gazette* or in two (2) newspapers of general circulation.

3 *Approved,*