

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



Senate
Office of the Secretary

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SENATE

RECEIVED BY

COMMITTEE REPORT NO. 8

Prepared and submitted jointly by the Committees on Agriculture and Food, and Finance on NOV 09 2016

Re: **Senate Bill No. 1233**

Recommending its approval in substitution of **Senate Bill Nos. 52, 64, 139, 669 and 934**

Sponsor: **Senator Pangilinan**

Mr. President:

The Committee on Agriculture and Food, and the Committee on Finance, to which were referred **S. B. No. 52**, authored by **Sen. Pangilinan**, entitled:

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

S. B. No. 64, authored by **Sen. Recto**, entitled:

**"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"**

S. B. No. 139, authored by **Sen. Villar**, entitled:

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

S. B. No. 669, authored by **Sen. Aquino IV**, entitled:

**"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"**

and **S. B. No. 934**, authored by **Sen. Hontiveros Baraquel**, entitled:

**"AN ACT
ESTABLISHING THE COCONUT FARMERS TRUST FUND AND PROVIDING FOR
ITS MANAGEMENT AND UTILIZATION"**

have considered the same and have the honor to report back to the Senate with the recommendation that the attached bill, **Senate Bill No. 1233**, entitled:

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

be approved in substitution of **Senate Bill Nos. 52, 64, 139, 669 and 934**, with **Senators Pangilinan, Recto, Villar, Aquino IV and Hontiveros** as authors thereof.

Respectfully submitted,



SEN. LOREN B. LEGARDA

Chair, Committee on Finance;
Member, Committee on Agriculture
and Food



SEN. FRANCIS "KIKO" PANGILINAN

Chair, Committee on Agriculture and
Food; Member, Committee on Finance



SEN. SONNY ANGARA

Vice-Chair, Committee on Finance

SEN. CYNTHIA A. VILLAR

Vice-Chair, Committees on Agriculture
and Food, and Finance



SEN. PANFILO M. LACSON

Vice-Chair, Committee on Finance



SEN. PAOLO BENIGNO "BAM" AQUINO IV

Vice-Chair, Committee on Finance;
Member, Committee on Agriculture
and Food

MEMBERS:

SEN. JUAN MIGUEL "MIGZ" F. ZUBIRI

Committees on Agriculture and Food,
and Finance



SEN. EMMANUEL "MANNY" D. PACQUIAO

Committee on Agriculture and Food



SEN. LEILA M. DE LIMA

Committee on Agriculture and Food



SEN. RICHARD J. GORDON

Committees on Agriculture and Food,
and Finance

may amend

SEN. FRANCIS "CHIZ" G. ESCUDERO
Committees on Agriculture and Food,
and Finance

may amend

SEN. GRACE POE
Committees on Agriculture and Food,
and Finance

may amend

SEN. MARIA LOURDES NANCY S. BINAY
Committee on Finance

SEN. ANTONIO "SONNY" F. TRILLANES IV
Committees on Agriculture and Food,
and Finance

may amend

SEN. GREGORIO B. HONASAN II
Committee on Finance

SEN. JOSEPH VICTOR G. EJERCITO
Committee on Finance

SEN. JOEL VILLANUEVA
Committee on Finance

may amend

SEN. WIN GATCHALIAN
Committee on Finance

may amend

SEN. RISA HONTIVEROS
Committee on Finance *(I reserve the right to propose amendments.)*

EX-OFFICIO MEMBERS:

may amend

SEN. RALPH G. RECTO
Minority Leader

may amend

SEN. VICENTE C. SOTTO III
Majority Leader *to interpellate*

SEN. FRANKLIN M. DRILON
Senate President Pro-Tempore

HON. AQUILINO "KOKO" PIMENTEL III
Senate President

1 (c) "Clif Holding Companies" shall refer to the fourteen (14) holding
2 companies; namely: Anglo Ventures Corporation; ACS Investors, Inc.; Arc Investors,
3 Inc.; AP Holdings, Inc.; Fernandez Holdings, Inc.; First Meridian Development, Inc.;
4 Randy Allied Ventures, Inc.; Rock Steel Resources, Inc.; Roxas Shares, Inc.; San
5 Miguel Officers Corp., Inc.; Soriano Shares, Inc.; Te Deum Resources, Inc.; Toda
6 Holdings, Inc.; and Valhalla Properties Limited, Inc.;

7 (d) "Clif SMC Block Shares" shall refer to the 33,133,266 shares of stock in San
8 Miguel Corporation (SMC), sequestered by the PCGG in April 1986 and representing
9 31% of the total outstanding capital stock of SMC;

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

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

19 These shall include, among others, the following:

- 20 i. The shares of stock in United Coconut Planters Bank (UCPB) that were
21 determined to be owned by the government;
- 22 ii. The Clif - Oil Mills Group;
- 23 iii. The Clif Holding Companies; and
- 24 iv. The Converted SMC Series 1 Preferred Shares;

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

1 processors, exporters, desiccators and other end-users of *copra rececada* or its
2 equivalent in other coconut products.

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

- 4 i. The Coconut Investment Fund created under Republic Act No. 6260;
- 5 ii. The Coconut Consumers Stabilization Fund, later renamed as the
6 Coconut Industry Stabilization Fund, created under Presidential Decree
7 No. 276;
- 8 iii. The Coconut Industry Development Fund created under Presidential
9 Decree No. 582;
- 10 v. The Coconut Industry Investment Fund created under Presidential
11 Decree No. 1468; and
- 12 vi. The Coconut Reserve Fund under Presidential Decree No. 1468 and
13 Presidential Decree No. 1842.

14 (h) "Committee" shall refer to the Coconut Farmers and Industry Trust
15 Committee created under Section 12 of this Act;

16 (i) "Investment Guidelines" shall refer to the investment management
17 guidelines, rules, procedures, and policies to be formulated by the Committee, as
18 may be amended from time to time, which shall provide the parameters for
19 investment of the Trust Fund or any portion thereof, and shall include, among
20 others, asset allocation, criteria for selection of fund managers, required income
21 from the Trust Fund, and other investment management threshold requirements;

22 (j) "PCA" shall refer to the Philippine Coconut Authority, created under
23 Presidential Decree 232 (S. 1973), as amended by Presidential Decree 1468 (S.
24 1978);

25 (k) "PCGG" shall refer to the Presidential Commission on Good Government,
26 created under Executive Order No.1 (S. 1986);

27 (l) "PMO" shall refer to the Privatization and Management Office organized
28 under Article III of Executive Order No. 323 (S. 2000);

1 (m) "Plan" shall refer to the Coconut Farmers and Industry Development Plan,
2 to be prepared under Section 11 of this Act;

3 (n) "President" shall refer to the President of the Republic of the Philippines;

4 (o) "Prohibited Investments" shall refer to any of the following: direct
5 investments into companies, private placements and direct lending, derivative
6 instruments, margin purchases, short sales, and investments in real estate;

7 (p) "Trust Fund" shall refer to the Coconut Farmers and Industry Trust Fund
8 created under Section 6 of this Act;

9 (q) "Trust Fund Income" shall refer to the income, interest earnings, and other
10 monetary benefits, realized by and accruing to the Trust Fund or any portion
11 thereof; and

12 (r) "Trust Fund Principal" shall refer to:

13 (i) the initial Trust Principal which shall be composed of the proceeds from
14 the redemption of the Converted SMC Series 1 Preferred Shares,
15 dividends declared, paid, or issued on the Converted SMC Series 1
16 Preferred Shares, and all income or interest derived therefrom as of the
17 effectivity of this Act, and any other cash Coconut Levy Asset, that are
18 held by the Bureau of Treasury (BTr) as a special account in the general
19 fund and as an escrow account, and cash held by UCPB as
20 administrator of the CIIF;

21 (ii) any and all proceeds of privatization of the Coconut Levy Assets
22 remitted thereto by the Privatization and Management Office, and

23 (iii) proceeds of privatization of any or all properties or assets conveyed by
24 any person, group or entity to the Committee, from time to time, as
25 provided in Section 7 hereof.

26 II

27 **Audit and Reconveyance of Coconut Levy Assets**

28 **Sec. 4. Accounting, Inventory and Audit of Coconut Levy Assets.** – Within
29 thirty (30) days from the effectivity of this Act, the PCGG shall conduct a complete

1 accounting and inventory of the Coconut Levy Assets, including the amount, value,
2 description and nature of such funds, properties, assets, records, choses in action,
3 and other rights, claims, or causes of action pertaining thereto, as well as the
4 investments, disbursements and expenditures relating to the Coconut Levy Funds
5 and submit a report to the Office of the President, the Committee, the Commission
6 on Audit (COA), and the BTr.

7 The COA shall audit the accounting and inventory of the Coconut Levy
8 Assets prepared by the PCGG, for the purpose of, among others, determining the
9 completeness of the said inventory, establishing the reasonableness of the asset
10 valuation, and tracing the flow of the Coconut Levy Funds.

11 Within sixty (60) days from the submission of the accounting and inventory of
12 the Coconut Levy Assets, the COA shall submit to the Committee its audit report,
13 together with a complete list of Coconut Levy Assets and their valuation, and the
14 empirical basis and the methodologies employed for the said valuation.

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

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

20 **SEC. 5. Reconveyance of Coconut Levy Assets.** – Immediately upon the
21 effectivity of this Act, the PCGG, the government representatives to the boards of
22 sequestered/surrendered corporations, and any government agency or person
23 having any Coconut Levy Asset in its administration, authority, custody or control,
24 shall perform or cause the performance of the following:

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

27 (2) deliver all stock certificates and other evidence of ownership to the BTr
28 for safekeeping; and

29 (3) transfer all cash Coconut Levy Assets to the Trust Fund.

1 The COA shall conduct an audit to determine compliance with pertinent
2 laws, rules and regulations on reconveyance of the Coconut Levy Assets to the
3 Republic of the Philippines.

4 III

5 **Coconut Farmers and Industry Trust Fund**

6 **SEC. 6. *The Coconut Farmers and Industry Trust Fund.*** – There is hereby
7 created a trust fund to be known as the "Coconut Farmers and Industry Trust Fund,"
8 herein referred to as the "Trust Fund," which shall be capitalized, managed,
9 invested, utilized and accounted for in the manner provided in this Act.

10 The Trust Fund shall be perpetually maintained and shall be used exclusively
11 for the benefit of the coconut farmers and for the development of the coconut
12 industry.

13 **SEC. 7. *Capitalization of the Trust Fund.*** – The proceeds from the redemption
14 of the Converted SMC Series 1 Preferred Shares, dividends declared, paid, or issued
15 on the Converted SMC Series 1 Preferred Shares, and all income or interest derived
16 therefrom as of the effectivity of this Act, and any other cash Coconut Levy Asset,
17 that are held by the BTr as a special account in the general fund and as an escrow
18 account, and cash held by UCPB as administrator of the ClIF, shall form part of the
19 initial Trust Principal of the Trust Fund. For this purpose, any provision of law to the
20 contrary notwithstanding, the BTr and UCPB shall transfer any and all monies to the
21 Trust Fund.

22 The Trust Fund shall thereafter be augmented with all proceeds of
23 privatization/disposition of the Coconut Levy Assets remitted directly thereto by the
24 PMO in accordance with this Act, any and all forms of income, interests, earnings,
25 yields, or any monetary benefit derived prior to the privatization or disposition of any
26 of the Coconut Levy Assets, and any and all forms of income, interests, earnings,
27 yields, or any monetary benefit derived from retained Coconut Levy Assets.

28 Nothing in this Act shall be understood to prevent or prohibit any person,
29 group or entity from conveying to the Committee other properties and/or

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

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

6 **SEC. 8. Management and Investment of the Trust Fund.** – The Committee shall
7 manage and invest the Trust Principal with the skill, care, prudence and
8 extraordinary diligence necessary under the circumstances that a prudent person
9 acting in like capacity and familiar with such matters would exercise in the conduct
10 of an enterprise of a like character and with similar aims. For this purpose, it shall
11 adhere to the basic principles of safety, capital preservation, growth, and liquidity.

12 To achieve its goals, the Committee shall promulgate the necessary
13 Investment Guidelines and shall tap the services of the BTr and other fund
14 managers in implementing the said Investment Guidelines. No funds shall be
15 invested in Prohibited Investments.

16 Immediately upon the effectivity of this Act, and until such time that the
17 Committee has promulgated the Investment Guidelines and appointed fund
18 managers for the Trust Fund, the BTr shall invest all cash Coconut Levy Assets under
19 its administration in government securities that will provide the best possible return
20 for the Trust Fund.

21 **SEC. 9. Utilization of the Trust Fund Principal and the Trust Fund Income.** – For
22 purposes of the initial implementation of the Plan, the execution of programs and
23 projects identified in the Plan that are allowed to be funded out of the Trust Fund,
24 and pending the accrual or availability of the Trust Fund Income, the amount not
25 exceeding ten percent (10%) of the initial Trust Fund Principal may be disbursed by
26 the Committee within two (2) years commencing from the approval of the Plan by
27 the President. Thereafter, only the Trust Fund Income accruing during the
28 immediately preceding year can be used to fund the programs and projects
29 identified in the Plan.

1 All fund releases approved by the Committee shall be released directly to
2 the implementing agencies.

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

4 – Any law to the contrary notwithstanding, the Bureau of Treasury is hereby
5 designated as the depository of the Trust Fund, which shall: (a) hold and account
6 the Trust Fund in the manner set forth by the Committee, (b) release funds directly
7 to the implementing agencies upon the instruction of the Committee, (c) when so
8 appointed by the Committee, act as a fund manager of the investments of the
9 Trust Fund with the authority and accountability as that of a private fund manager,
10 and (d) perform other tasks as may be mandated by the Committee.

11 **IV**

12 **Coconut Farmers and Industry Development Plan**

13 **SEC. 11. Preparation of the Coconut Farmers and Industry Development Plan.**

14 – The National Economic and Development Authority, the Department of
15 Agriculture, the Department of Agrarian Reform, the Department of the Interior and
16 Local Government, the Department of Public Works and Highways, the Department
17 of Social Welfare and Development, the Department of Trade and Industry, the
18 Philippine Coconut Authority, the Commission on Higher Education, National Anti-
19 Poverty Commission, three (3) representatives from coconut farmers organizations,
20 one each coming from Luzon, Visayas and Mindanao, and one (1) representative
21 of the industry associations, are herein constituted as an *ad-hoc* committee that will
22 prepare the Coconut Farmers and Industry Development Plan. The Director-
23 General of NEDA, as chair of the *ad hoc* committee, shall identify the coconut
24 farmers organizations and industry association that will become members of the *ad*
25 *hoc* committee.

26 In the performance of its function, the *ad-hoc* committee shall consult
27 coconut farmers and their organizations, industry associations, civil society
28 organizations, academe, concerned government agencies and other stakeholders
29 in the coconut industry.

1 The Plan shall set the directions and policies for the development and
2 rehabilitation of the coconut industry. It shall define the roles and contribution of
3 Coconut Levy Assets to support said rehabilitation and development, which shall
4 serve as basis in the retention or privatization/disposition of any or all of the
5 Coconut Levy Assets.

6 In the formulation of the Plan, the *ad-hoc* committee shall be guided by the
7 following objectives:

- 8 a) increased farm productivity and incomes of coconut farmers;
- 9 b) establishment of coconut-based enterprises;
- 10 c) rehabilitation and modernization of the coconut industry towards global
11 competitiveness; and
- 12 d) poverty alleviation and social equity.

13 The Plan shall include a national program for (a) coconut productivity,
14 including intercropping and livestock raising; (b) community-based coconut
15 enterprises, including integrated processing of coconut products and downstream
16 products; (c) coconut farmers organization and development; and (d) social
17 protection that directly benefit coconut farmers, farm workers, and their families,
18 taking into consideration existing social protection programs of the government. For
19 purposes of the establishment and granting of social protection programs, the
20 Committee is hereby authorized to validate the reliability and completeness of the
21 coconut farmers registry of the PCA from which the beneficiaries shall be identified.

22 The Plan shall provide the criteria for targeting beneficiaries, the indicators in
23 determining the attainment of the abovementioned objectives, and the
24 mechanisms for monitoring and evaluating the impact, of the different
25 components of the program.

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

1 The Plan shall provide an indicative funding requirement or allocation for the
2 implementation of any and all of the programs and projects to be funded by the
3 initial Trust Fund Principal and the Trust Fund Income, which funding or allocation
4 shall be itemized or broken down on a project-to-project basis: *Provided, That, (i)* for
5 projects which are recurring, or to be implemented on a regular basis, the
6 allocation shall indicate the annual fund that may be required to implement said
7 project; and *(ii)* for projects that are to be implemented or concluded within a
8 period of time, the allocation shall indicate the total fund that may be required for
9 the implementation of the whole project, itemized according to the phases or
10 stages of said project.

11 Within one hundred eighty (180) days from the start of the effectivity of this
12 Act, the Plan shall be submitted to the President, as endorsed by the Committee,
13 for approval.

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

15 **V**

16 **The Coconut Farmers and Industry Trust Committee**

17 **SEC. 12. Creation of the Coconut Farmers and Industry Trust Committee. –**

18 There is hereby created the Coconut Farmers and Industry Trust Committee which
19 shall be attached to the Office of the President.

20 The Committee shall have the following powers and functions:

- 21 (a) Supervise, coordinate and monitor the implementation of the Coconut
22 Farmers and Industry Development Plan;
- 23 (b) Formulate and amend, as may be necessary, the Investment Guidelines:
24 *Provided, That, no funds shall be invested in Prohibited Investments;*
- 25 (c) Appoint fund managers as it deems necessary to manage the
26 investments of the Trust Fund;
- 27 (d) Approve disbursements from the initial Trust Fund Principal and the Trust
28 Fund Income, including the funding for (i) the operation of the
29 Committee which shall not exceed Forty Million Pesos (P40,000,000.00)

1 on the first year and not more than three percent (3%) of the Trust Fund
2 Income for every year thereafter, (ii) the formulation of the Plan, and (iii)
3 the conduct of the inventory and audit of the Coconut Levy Assets,
4 which shall be charged against the initial Trust Fund Principal or the Trust
5 Fund Income when available;

6 (e) Exercise on behalf of the National Government all rights and incidents of
7 ownership to the Coconut Levy Assets, including the right to vote,
8 whether directly or through duly authorized nominees, shares of stock
9 held in the name of the National Government;

10 (f) Pursuant to the directions and policies set in the Plan, identify all portions
11 of the Coconut Levy Assets for privatization or disposition and arrange
12 for their transfer to the PMO for the same purposes;

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

15 (h) Approve, or disapprove, on behalf of the National Government and
16 without need of any further approval by, or other action from any other
17 government institution or agency, the sale, disposition or dissolution of
18 such assets, which sale or disposition shall be conducted by the PMO:
19 *Provided, That the Committee itself, or any of its members, are*
20 *prohibited from undertaking the marketing of any such assets,*
21 *participating in the negotiation for their sale, or making the sale itself, or*
22 *bring about any situation which may give rise to a conflict of interest;*

23 (i) Approve the financial requirements of the PMO in relation to its functions
24 set forth in this Act, including its annual budget for operations,
25 conservation, rehabilitation, management and privatization/disposition
26 of the Coconut Levy Assets transferred and entrusted under its care;

27 (j) Appoint, transfer, remove for cause, personnel of the Committee, and fix
28 their remuneration in accordance with the Salary Standardization Law
29 and civil service laws, rules and regulations;

1 (k) Issue policies, rules, and guidelines as may be necessary to implement
2 the provisions of this Act; and

3 (l) Exercise such other incidental powers and functions as may be
4 necessary to attain the objectives of this Act.

5 **SEC. 13. Composition.** – The Committee shall be composed of the Secretary
6 of Finance as Chairman, the Secretary of Agriculture as Co-Chairman, the Director-
7 General of the National Economic and Development Authority, the Secretary of
8 the Department of Trade and Industry, the Administrator of the Philippine Coconut
9 Authority, and six (6) representatives from the coconut farmers sector, divided into
10 two (2) representatives each for the island groupings of Luzon, Visayas and
11 Mindanao, as members.

12 The six (6) representatives from the coconut farmers sector must be Filipino
13 citizens, registered with the coconut farmers registry, have considerable experience
14 and reputable track record in promoting coconut farmers interests and welfare,
15 and nominated by coconut farmers organizations or cooperatives that are active
16 for the past three (3) years in farmer organization and development or community
17 enterprise development. They shall be appointed by the President from a list of four
18 (4) nominees for each island grouping, as submitted by the Committee. They shall
19 each hold a term of three (3) years, and may be reappointed once. Any
20 appointment to fill the vacancy in the Committee arising from death, removal,
21 retirement or resignation of the representative of the coconut farmer sector shall
22 only be for the unexpired term.

23 Within thirty (30) days following the effectivity of this Act, the Committee shall
24 promulgate a nomination and screening process of nominees as representatives of
25 the coconut farmers sector in the Committee, in consultation with coconut farmers
26 organizations.

27 **SEC. 14. Ex Officio Alternates.** – The *ex officio* members of the Committee
28 may designate their respective alternates who shall be the officials next-in-rank to
29 them and their acts shall be considered the acts of their principals.

1 **SEC. 15. Meetings.** – The Committee shall meet at least once a month or as
2 frequent as may be necessary and expedient to discharge its responsibilities.

3 The presence of at least a majority of the members of the Committee shall
4 constitute a quorum, and the concurrence of a majority of the members present at
5 a meeting at which a quorum exists shall be adequate for any decision by the
6 Committee: *Provided*, That, the approval of at least seven (7) members of the
7 Committee is required where the matter involves the approval of: (i) any
8 privatization or disposition proposal involving more than Five Hundred Million Pesos
9 (PhP500,000,000.00), in pursuance of the policies and directions set in the Plan with
10 regard the privatization of Coconut Levy Assets, and (ii) the disbursement of funds
11 exceeding Fifty Million Pesos (PhP50,000,000.00), and: *Provided, finally*, That, the
12 approval of at least nine (9) members is required where the matter involves: (i) the
13 promulgation of the Investment Guidelines, and (ii) investment of a portion of the
14 Trust Fund involving at least Five Hundred Million Pesos (P500,000,000.00).

15 **SEC. 16. Compensation of the Members of the Committee.** – Members of the
16 Committee may be entitled to per diems and reimbursable expenses, as prescribed
17 under existing rules and regulations issued by the President and the Department of
18 Budget and Management.

19 **SEC 17. Executive Director of the Committee.** – The President, upon
20 recommendation of the Committee, shall appoint an Executive Director who shall
21 possess the following qualifications: a Filipino citizen, a degree holder, has
22 professional experience preferably in public finance, investment management,
23 program and policy development, or project monitoring and evaluation, and
24 knowledgeable with the development of the coconut industry.

25 The Executive Director shall have the following powers and functions:

26 a) Execute and administer the policies and decisions promulgated by the
27 Committee;

28 b) Monitor the progress of the implementation of the Plan, and submit
29 periodic reports to the Committee;

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

12 **SEC. 18. Accounting and Auditing.** – The Committee shall maintain records
13 and accounts of all investments, receipts, disbursements and other transactions
14 relating to the management, administration and utilization of the Trust Fund. These
15 records and accounts shall be maintained in accordance with existing accounting
16 and auditing laws, rules and regulations, and shall be audited by the COA.

17 **VI**

18 **Privatization of the Coconut Levy Assets**

19 **SEC. 19. Privatization of the Coconut Levy Assets.** – Pursuant to the direction
20 and policies set in the Plan, the Committee shall determine the Coconut Levy
21 Assets which need to be privatized and which should be retained by the National
22 Government to support the coconut farmers and the development of the coconut
23 industry.

24 For this purpose, the Committee shall be guided by any of the following
25 standards:

- 26 (a) the functions or purposes for which the entity was created are no longer
27 relevant to the State or no longer consistent with the national
28 development policy of the State;

1 (b) the functions or purposes of the entity duplicate or unnecessarily overlap
2 with functions, programs, activities or projects already provided by
3 another agency;

4 (c) the entity is not producing the desired outcomes, or is no longer
5 achieving the objectives for which it was originally designed and
6 implemented;

7 (d) the entity is dormant or non-operational; and

8 (e) the function, purpose, or nature or operations of any group of entities
9 requires consolidation under a holding company.

10 It shall arrange the transfer of Coconut Levy Assets to be privatized to the
11 PMO.

12 **SEC. 20. Additional Mandate of the Privatization and Management Office**

13 **(PMO).** – In addition to its powers, duties and functions under Executive Order No.
14 323 (S. 2000), the PMO, shall, for and in behalf of the National Government, take
15 title to and possession of, conserve, provisionally manage, and dispose of the
16 Coconut Levy Assets which have been identified for privatization and disposition.

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

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

27 **SEC. 21. Powers of the Privatization and Management Office.** – The PMO shall

28 prepare the privatization plans and policies of the Coconut Levy Assets transferred
29 to it. It is empowered to enter into sales through public bidding, negotiated sale,

1 lease, or any form of divestment or transmission of rights over the Coconut Levy
2 Assets, including a partnership with the private sector in the management or
3 operation of these Coconut Levy Assets prior to actual sale or disposition.

4 Prior to the implementation of any privatization plan for corporations
5 transferred to it, the PMO shall have the following powers:

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

11 (ii) direct any of the subject corporations to submit to the PMO, within fixed
12 time-tables, such reports and information as the PMO may require in the
13 exercise of its ownership, administrative, and disposition over such
14 corporations or their assets; and

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

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

21 **SEC. 22. Committee to Determine Transfer Value.** – The Committee is hereby
22 vested with full and complete powers and prerogatives to determine transfer
23 values and related valuations at which the Coconut Levy Assets shall be transferred
24 and conveyed to the PMO pursuant to the mandate of this Act and upon
25 reasonable consultation with the COA or a third-party appraiser: *Provided*, That any
26 valuation approved by the Committee for purposes of the transfer to the PMO shall
27 not be deemed a condonation, waiver, or extinguishment of any obligation by any
28 party whose vested rights may be impaired by such transfer.

1 **SEC. 23. Remittance of Proceeds of Privatization.** – Any provision of law to the
2 contrary notwithstanding, all proceeds or receipts from the sale of Coconut Levy
3 Assets, except portions thereof for reimbursable custodianship and operational
4 expenses, or such amount approved by the Committee to be retained by the PMO,
5 shall be remitted to the Trust Fund.

6 **SEC. 24. Reporting Requirements.** – The Committee shall, on a semi-annual
7 basis, submit to the President and to Congress a report on the status of disposition of
8 the Coconut Levy Assets, which shall include, among others, a description of the
9 individual assets as disposed of, their purchasers, the consideration received, and
10 the agreed terms of payment.

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

16 **VII**

17 **Miscellaneous**

18 **SEC. 25. Suppletory Application of Republic Act No. 10149.** – The provisions of
19 Republic Act No. 10149, otherwise known as the "GOCC Governance Act of 2011,"
20 insofar as they are not inconsistent with the provisions of this Act, shall apply
21 suppletorily.

22 **SEC. 26. Congressional Oversight.** – The Congressional Oversight Committee
23 on Agricultural and Fisheries Modernization (COCAFAM) shall exercise oversight on
24 the implementation of this Act.

25 **SEC. 27. Separability Clause.** – If any provision of this Act is declared invalid or
26 unconstitutional, the other provisions not affected by such declaration shall remain
27 in full force and effect.

1 **SEC. 28. Repealing Clause.** – All laws, executive orders, administrative orders,
2 and rules and regulations inconsistent with this Act are hereby repealed or
3 amended accordingly.

4 **SEC. 29. Effectivity Clause.** – This Act shall take effect fifteen (15) days after
5 its complete publication in the *Official Gazette* or in two (2) newspapers of general
6 circulation.

Approved,