



HOUSE OF REPRESENTATIVES

H. No. 9197

BY REPRESENTATIVES MACAPAGAL-ARROYO, PANGANIBAN, GARIN (S.), SACDALAN, BRAVO (A.),
SALON, UNABIA, VIOLAGO, BERTIZ, BATAOIL, TEJADA AND SUAREZ, PER COMMITTEE
REPORT NO. 1321

AN ACT
ESTABLISHING THE COCONUT FARMERS AND INDUSTRY
DEVELOPMENT TRUST FUND AND PROVIDING FOR ITS
MANAGEMENT AND UTILIZATION

1 Section 1. *Short Title.* This Act shall be known as the "Coconut Farmers and Industry
2 Development Trust Fund Act."
3

4 Section 2. *Declaration of Policy.* It is hereby declared the policy of the State to pursue
5 and attain the balanced, equitable, integrated, and sustainable growth and development of
6 the coconut industry. Towards this end, the State shall adopt the necessary measures to
7 immediately address the serious problems besetting the coconut industry, protect the socio-
8 economic well-being of coconut farmers, and ensure that the benefits due them, especially
9 the poor and the marginalized, under various statutes shall be consolidated and their
10 delivery expedited. Any measure or program undertaken in accordance to this Act shall
11 be deemed complementary to and shall not be a replacement for existing and potential
12 coconut development programs already conducted by other agencies.
13

14 Chapter I
15 Definition of Terms
16

17 Section 3. *Definition of Terms.* As used in this Act:
18

- 19 a. *Coconut Industry Investment Fund (CIIF)* refers to the Fund created pursuant
20 to Presidential Decree (PD) No. 1468, which authorized the United Coconut
21 Planters Bank (UCPB) to utilize the surplus funds from the Coconut Consumers
22 Stabilization Fund (CCSF) and the Coconut Industry Development Fund (CIDF)
23 for investments in the form of shares of stock in corporations organized for
24 the purpose of engaging in the establishment and operation of industries,
25 commercial activities, and other allied business undertakings related to the
26 coconut industry in all its aspects and the establishment of a research program
27 into the commercial and industrial uses of coconut.

- 1 b. **CIIF Holding Companies** refer to the fourteen (14) holding companies, namely:
2 (1) Anglo Ventures Corporation; (2) ASC Investors, Inc.; (3) Arc Investors,
3 Incorporated; (4) AP Holdings, Incorporated; (5) Fernandez Holdings,
4 Incorporated; (6) First Meridian Development, Inc.; (7) Randy Allied Ventures,
5 Incorporated; (8) Rock Steel Resources, Incorporated; (9) Roxas Shares,
6 Incorporated; (10) San Miguel Officers Corporation, Incorporated; (11)
7 Soriano Shares, Incorporated; (12) Te Deum Resources, Incorporated; (13)
8 Toda Holdings, Incorporated; and (14) Valhalla Properties Limited,
9 Incorporated, created by the CIIF Oil Mills Group to acquire, hold and
10 manage the shares of stocks of San Miguel Corporation (SMC).
11
- 12 c. **CIIF Oil Mills Group** refers to the six (6) CIIF companies, namely: (1) Southern
13 Luzon Coconut Oil Mills; (2) Cagayan de Oro Oil Company, Incorporated; (3)
14 Iligan Coconut Industries, Incorporated; (4) San Pablo Manufacturing
15 Corporation; (5) Granexport Manufacturing Corporation; and (6) Legaspi Oil
16 Company, Incorporated, acquired by the UCPB using the CIIF.
17
- 18 d. **CIIF SMC Block Shares** refer to the thirty-three million one hundred thirty-
19 three thousand and two hundred sixty-six (33,133,266) shares of stock in SMC,
20 sequestered by the Presidential Commission on Good Government (PCGG) in
21 April 1986 representing thirty-one percent (31%) of the total outstanding capital
22 stock of SMC.
23
- 24 e. **Converted SMC Series I Preferred Shares** refer to that portion of the CIIF
25 SMC Block Shares covering seven hundred fifty-three million eight hundred
26 forty-eight thousand and three hundred twelve (753,848,312) preferred shares
27 of stock in SMC representing twenty-four percent (24%) of the outstanding
28 capital stock of SMC.
29
- 30 f. **Coconut Farmer** refers to:
31 1. Farmer-owner of a coconut farm who:
32
33 a) Tills the land (owner-cultivator); or
34 b) Does not till the land but has control and supervision over the
35 cultivation of a farm; and
36
- 37 2. A non-owner of the coconut farm who is either a:
38
39 a) Leaseholder or tenant who tills or supervises the cultivation of the farm;
40 or
41 b) Farm worker or laborer, whether seasonal or itinerant, engaged in the
42 harvesting of the nuts and processing of copra as major means of
43 livelihood.
44
- 45 g. **Coconut Levy Assets** refer to any and all kinds of property, whether real or
46 personal, tangible or intangible, wherever situated, which have been acquired
47 through or otherwise funded by the Coconut Levy Funds, including those assets
48 that may be recovered in favor of the Government, as well as the fruits or income

1 derived therefrom, including those acquired in exchange or substitution thereof.
2 including but not limited to the following:
3

- 4 1. The shares of stock in the UCPB determined to be owned by the
5 Government;
- 6 2. The CIIF Oil Mills Group;
- 7 3. The CIIF Holding Companies;
- 8 4. The Converted SMC Series 1 Preferred Shares; and
- 9 5. Remaining CIIF SMC Block Shares or the proceeds of their sale.

10
11 h. **Coconut Levy Funds** refer to various funds generated from levies, taxes,
12 charges, and other fees exacted or imposed pursuant to or in connection with
13 the sale of *copra resecada* or its equivalent in other coconut products, and
14 collected for the most part from coconut farmers, planters, millers, refiners,
15 processors, exporters, dessicators, and other end users of *copra resecada* or
16 its equivalent in other coconut products. These shall refer to any and all of the
17 following:
18

- 19 1. The Coconut Investment Fund created under Republic Act (RA) No. 6260;
- 20 2. The Coconut Consumer Stabilization Fund, later renamed as the Coconut
21 Stabilization Fund, created under PD No. 276;
- 22 3. The Coconut Industry Development Fund created under PD No. 582;
- 23 4. The Coconut Industry Investment Fund created pursuant to PD No. 1468;
24 and
- 25 5. The Coconut Reserve Fund under PD No. 1468 and PD No. 1842.

26
27 i. **Investment Guidelines** refer to the investment management guidelines, rules,
28 procedures, and policies to be formulated by the Coconut Farmers and Industry
29 Trust Fund Committee created under Section 11 of this Act, hereinafter referred
30 to as the Committee, and as may be amended from time to time, which shall
31 provide the parameters for investments of the Trust Fund or any portion thereof,
32 and shall include, among others, asset allocation, criteria for selection of fund
33 managers, required income from the fund, and other investment management
34 threshold requirements.
35

36 j. **Trust Income** refers to the income, interest earnings, and other monetary
37 benefits realized by and accruing to the Trust Fund or any portion thereof.
38

39 k. **Trust Principal** refers to:
40

- 41 1. The initial Trust Principal composed of dividends declared, paid, or issued
42 on the Converted SMC Series 1 Preferred Shares; the proceeds from the
43 redemption of the Converted SMC 1 Preferred Shares; all income or interest
44 derived therefrom as of the effectivity of this Act; or any other cash Coconut
45 Levy Asset deposited in the Bureau of the Treasury (BTr) and the UCPB
46 as administrator of the CIIF;
- 47 2. Any and all proceeds of privatization of the Coco Levy Assets remitted
48 thereto by the Privatization and Management Office (PMO) organized under
49 Article III of Executive Order (EO) No. 323 (s. 2001); and

1
2 Any provision of the law to the contrary notwithstanding, the BTr and the UCPB shall
3 directly remit the initial Trust Principal to the Trust Fund; *Provided*, That the BTr shall
4 transfer the remaining cash assets from the special account in the General Fund within a period
5 of five (5) years in equal amounts each year.
6

7 The COA shall conduct an audit to determine compliance with pertinent laws, rules, and
8 regulations on reconveyance of the Coconut Levy Assets to the government.
9

10 The COA shall also conduct the regular financial and compliance audit of the Coconut Levy
11 Assets, and submit the annual audit report thereon as mandated by the government auditing
12 rules and regulations, until said assets are privatized.
13

14 **Chapter III** 15 **Coconut Farmers and Industry Development Trust Fund** 16

17 Section 6. *The Coconut Farmers and Industry Development Trust Fund.* There is hereby
18 created a trust fund to be maintained for a period not to exceed thirty (30) years or until the
19 fund is fully utilized to be known as the Coconut Farmers and Industry Development Trust
20 Fund, hereinafter referred to as the Trust Fund, which shall consist of the Trust Principal
21 and the Trust Income. No portion of the Trust Fund shall be derived from the General
22 Fund of the National Government; *Provided That*, any unutilized balance in the Trust Fund
23 after thirty (30) years shall revert to the General Fund of the National Government, and shall
24 be capitalized, managed, utilized, and accounted for in the manner provided in this Act.
25 Nothing in this Act shall be understood to prevent or prohibit any person, group, or entity
26 from conveying to the Committee other properties and/or additional assets either for the
27 use of the coconut industry or for the purposes of privatization, in which case the proceeds
28 of such privatization shall form part of the Trust Fund.
29

30 Section 7. *Purpose of the Trust Fund.* The Trust Fund shall be used exclusively for
31 the ultimate benefit of coconut farmers and for the development of the coconut industry, as
32 embodied in the Coconut Farmers and Industry Development Plan to be prepared pursuant
33 to Section 21 hereof.
34

35 Section 8. *Capitalization of the Trust Fund.* All assets and/or properties derived from all
36 coconut levy recovered assets; and all dividends, interest earnings, and incomes that are
37 available upon the effectivity of this Act shall form part of the initial capital of the Trust
38 Fund. The Trust Fund shall thereafter be augmented with all the proceeds of
39 privatization/disposition of the Coconut Levy Assets remitted directly thereto by the PMO
40 in accordance with this Act, including any and all forms of income, interests, earnings,
41 yields, or any monetary benefit derived therefrom prior to the privatization/disposition of
42 these Coconut Levy Assets.
43

44 In order to ensure the enduring character of the Trust Fund, the Principal thereof shall be
45 augmented by grants, donations, and other lawful transfers by public or private entities.
46 At the end of the year, all unspent portion of the trust income for the year shall accrue to
47 the Trust Principal.

1 Section 9. *Management and Utilization of the Trust Fund.* The Trust Fund shall be
2 available and may be utilized only for the purpose for which it was created and upon
3 authorization of the Committee, subject to the following conditions:
4

- 5 a. Ten Billion Pesos (PHP 10,000,000,000.00) of the initial trust principal, which
6 shall be known as the Jumpstart Fund, may be used within two (2) years
7 commencing from the approval of the plan by the President to jumpstart the
8 development of the industry;
- 9 b. All disbursements shall only be made on the basis of the funding requirement of
10 the program, activity, or project by the Committee as provided in the Coconut
11 Farmers and Industry Development Plan; *Provided*, That an annual allocation of at
12 least Five Billion Pesos shall be released for the programs and projects provided
13 under this Act; and
- 14 c. The ceiling for expenses of the Committee for the administration, monitoring,
15 evaluation, information services, and other necessary activities for the effective
16 performance of its functions under this Act shall be provided in the Implementing
17 Rules and Regulations under Section 26 of this Act.
18

19 All releases from the Trust Fund approved by the Committee shall be released directly to
20 the implementing agencies; *Provided* That, coconut productivity and developmental
21 programs and projects shall be implemented by the Philippine Coconut Authority (PCA)
22 created under PD No. 232 (s. 1973), as amended by PD No. 1468 (s. 1978). Other coconut
23 productivity and developmental programs and projects implemented by other agencies shall
24 be closely coordinated with the PCA.
25

26 Disbursements or expenditures by the concerned implementing agencies in violation of the
27 purpose of the Trust Fund shall be void and shall subject the erring officials and employees
28 to disciplinary actions in accordance with existing laws, and to appropriate criminal
29 action under existing penal laws. Disbursements of the funds should be done in accordance
30 with the Government Accounting Manual and all other related laws, rules, and regulations.
31

32 Section 10. *Designation of the Bureau of the Treasury as Depository of the Trust Fund.*
33 Any law to the contrary notwithstanding, the BTr is hereby designated as the depository
34 of the Trust Fund, which shall:
35

- 36 a. Hold and account the Trust Fund in the manner set forth by the Committee;
37 b. Release funds directly to the implementing agencies upon the instruction of the
38 Committee;
- 39 c. When so appointed by the Committee, act as a fund manager of the investments
40 of the Trust Fund with the authority and accountability as that of a private fund
41 manager; and
- 42 d. Perform other tasks as may be authorized by the Committee.
43

44 The Committee may designate alternative depository banks which shall perform the same
45 functions as that of the BTr.

1
2
3 **Chapter IV**
4 **Coconut Farmers and Industry Development and Industry Trust Fund**
5 **Committee**

6 Section 11. **Creation of the Coconut Farmers and Industry Development Trust Fund**
7 **Committee.** The Coconut Farmers and Industry Development Trust Fund Committee is
8 hereby created under the OP.
9

10 The Committee shall have the following powers and functions:

- 11 a. Coordinate and monitor the implementation of the Coconut Farmers and Industry
12 Development Plan;
13 b. Approve any allowable disbursement out of the Trust Fund pursuant to Section
14 14 of this Act;
15 c. Formulate the Investment Guidelines pursuant to the allowable investment stated
16 in Section 28 of this Act;
17 d. Appoint a fund manager, if necessary, to handle the investment of the Trust
18 Principal;
19 e. Identify the Coconut Levy Assets that will be privatized, retained, or
20 abolished and submit its recommendation to the President for approval;
21 f. Approve the marketing and disposition program for the Coconut Levy Assets
22 approved for privatization;
23 g. After obtaining the approval of the President, authorize the sale and other mode
24 of privatization of Coconut Levy Assets approved for privatization;
25 h. Authorize the rehabilitation of Coconut Levy Assets approved for
26 privatization pending actual disposition;
27 i. Submit reports and recommendations to the President in connection with its
28 functions under this Act; and
29 j. Exercise such other incidental powers and functions as may be necessary
30 to attain the objectives of this Act.
31

32 The PCA shall provide Secretariat support to the Committee.
33

34 Section 12. **Composition.** The Committee shall be composed of the following:

- 35 a. Six (6) representatives from the government who shall be serving in *ex officio*
36 capacities:
37 1. Secretary of the Department of Agriculture (DA), as Chairperson;
38 2. Secretary of the Department of Finance (DOF), as Vice Chairperson;
39 3. Secretary of the Department of Trade and Industry (DTI);
40 4. Secretary of the National Economic and Development Authority (NEDA) ;
41 5. Administrator of the PCA; and
42 6. A representative from the Office of the Executive Secretary.
43 b. Three (3) representatives from the coconut farmers' organizations, one (1) from
44 Luzon, one (1) from Visayas, and one (1) from Mindanao, who have
45 considerable experience, substantial membership, and reputable track records.
46 c. Two (2) representatives from the coconut industry sector who have
47 considerable experience and reputable track records.

1 The nominees of the coconut farmers' organizations shall be validated and shortlisted by
2 the PCA. The list of nominees, which shall number at least three (3) per island group, shall be
3 submitted to the President not later than thirty (30) days following the effectivity of this
4 Act. The representatives of the coconut industry sector shall be appointed by the President
5 from a list of nominees, which shall number at least six (6), submitted by the PCA.
6

7 The government representatives in the Committee shall serve only during their respective
8 terms in office. The representatives from the coconut farmers' organizations and the
9 coconut industry sector shall each hold a term of three (3) years, unless sooner removed
10 for cause, and may be reappointed once. Any of the representatives shall continue to hold
11 office until their successor is appointed; *Provided That*, any appointment to fill a vacancy
12 in the Committee shall be only for the unexpired term.
13

14 Section 13. *Ex Officio Alternates*. The *ex officio* members of the Committee may designate
15 their respective permanent alternates who shall be the officials next-in-rank to them and their
16 acts shall be considered acts of their principals.
17

18 Section 14. *Meetings of the Committee*. The Committee shall meet once a month, or as
19 often as deemed necessary and expedient to discharge its responsibilities. The presence of
20 at least a majority of the members present at a meeting at which a quorum exists shall
21 be adequate for any decision by the Committee; *Provided That* the approval of at least a
22 majority of the members of the Committee shall be required on matters involving the
23 following:
24

- 25 a. Any single disbursement of funds involving more than Fifty Million Pesos (Php
26 50,000,000.00);
- 27 b. Any proposed investment involving more than One Hundred Million Pesos (Php
28 100,000,000.00); and
- 29 c. All dispositions or privatization proposals.
30

31 *Provided further*, That the disbursements requiring the approval of at least a majority of the
32 members of the Committee may be subject to the President's disallowance.
33

34 The Chairperson, if unavailable, may designate the Vice Chairperson to convene the
35 Committee and preside over the Committee's meeting on behalf of the Chairperson.
36

37 Section 15. *Compensation of the Members of the Committee*. The members of the Committee
38 may be entitled to per diems and reimbursable expenses, in accordance with the COA rules
39 and regulations.
40

41 Section 16. *Obligations of the Members of the Committee*. The members of the
42 Committee shall act with due care, diligence, skill, and good faith in all its dealings
43 with the Trust Fund and the Coconut Levy Assets. They shall avoid conflicts of interest
44 and declare before the Committee any interest they may have in any particular matter.
45

46 Where a member of the Committee receives any profit or benefit by virtue of his office,
47 including acquiring shares in corporations that form part of the Coconut Levy Assets,
48 using the Coconut Levy Assets for one's benefit, receiving commission on contracts from
49 the Coconut Levy Assets, or taking advantage of corporate opportunities involving the
50 Coconut Levy Assets, all such profits or benefits shall be returned to the Trust Fund

1 without prejudice to any administrative, civil, or criminal action against such member. This
2 provision shall be applicable notwithstanding the fact that such member of the Committee
3 used one's own funds in the venture.
4

5 The Committee shall recommend to the President the removal and replacement of the
6 member who performs such acts.
7

8 Section 17. **Executive Director of the Committee.** The administrator of the PCA shall be
9 appointed as Executive Director of the Committee.
10

11 The Executive Director shall have the following powers and functions:
12

- 13 a. Execute policies and administer the programs approved or promulgated by the
14 Committee;
- 15 b. Monitor the progress of the implementation of the Plan and submit periodic
16 reports to the Committee;
- 17 c. Prepare an annual report on the activities of the Committee at the close of each
18 fiscal year and to submit a copy thereof to the President and Congress;
- 19 d. Keep and maintain official records and reports of the proceedings of the
20 Committee;
- 21 e. Administer oaths in all matters falling within the jurisdiction of the Committee;
22 and
- 23 f. Exercise such other duties as may be vested by the Committee that are
24 consistent with the provisions of this Act.
25

26 Section 18. **Cooperation with the Committee.** The Committee may also call upon any
27 department, bureau, office, agency, and instrumentality of the Government, including
28 Government-Owned or -Controlled Corporations (GOCCs), for any assistance it may need
29 in the discharge of its functions and responsibilities as well as in the implementation of
30 its programs and projects.
31

32 Section 19. **Accounting and Auditing.** The Committee shall maintain records and accounts
33 of all investments, income, receipts, disbursements, and other transactions relating to the
34 management, administration, and disposition of the Trust Fund. These records and accounts
35 shall be maintained in accordance with existing accounting and auditing laws, rules, and
36 regulations. The Trust Fund shall be audited by the COA.
37

38 Section 20. **Legal Counsel.** The Solicitor-General shall be the *ex officio*
39 counsel of the Committee on legal matters.
40
41

42 Chapter V 43 Coconut Farmers and Industry Development Plan 44

45 Section 21. **Preparation of the Coconut Farmers and Industry Development Plan.** An
46 *Ad Hoc* Committee is hereby created to be composed of technical officials from the
47 Department of Agriculture, the Department of Agrarian Reform, the Department of the
48 Interior and Local Government, the Department of Finance, the Department of Public
49 Works and Highways, the Department of Science and Technology, the Department of

1 Social Welfare and Development, Department of Health, the Department of Trade and
2 Industry, the Department of Budget and Management, the National Economic and
3 Development Authority, the National Anti-Poverty Commission, the Technical Education
4 and Skills Development Authority, the Land Bank of the Philippines, and the Development
5 Bank of the Philippines.

6
7 In addition, twelve (12) representatives from the coconut farmers' organizations composed
8 of four (4) from Luzon, four (4) from Visayas, and four (4) from Mindanao; and four (4)
9 representatives from the different coconut industry sectors who all have considerable
10 experience, substantial membership, and reputable track records, shall also be members
11 of the *Ad Hoc* Committee.

12
13 The nomination process of the representatives from the coconut farmers organizations and
14 the different coconut industry sectors shall be the same as that in Chapter IV, Section 12
15 of this Act; *Provided, That*, the list of nominees from the coconut farmers' organizations
16 shall number at least twelve (12) per island group; *Provided, also*, that eight (8) of the
17 twelve (12) representatives from the Coconut Farmers' Organizations must not have more
18 than five (5) hectares of coconut farm landholding; *Provided Further, That*, the list of
19 nominees from the coconut industry sector shall number at least twelve (12).

20
21 The Administrator of the PCA shall act as the *Ad Hoc* Committee's Chairperson.

22
23 The members of the *Ad Hoc* Committee shall be compensated in the same manner as that of
24 the Committee under Chapter IV, Section 15 of this Act.

25
26 The *Ad Hoc* Committee, in consultation with coconut farmers' organizations, industry
27 associations, civil society organizations, academe, concerned government agencies, and other
28 stakeholders in the coconut industry shall indicate in an integrated coconut industry
29 strategy the policies for the development and rehabilitation of the coconut industry. It shall
30 prepare every five (5) years, or as determined by the Committee, a medium term plan of
31 programs, activities, and projects, which shall be funded out of the Trust Fund and which
32 shall be known as the Coconut Farmers and Industry Development Plan, hereinafter referred
33 to as the Plan. The Plan shall be consistent with the Philippine Development Plan and shall
34 be subject to mandatory review every year.

35
36 The Administrator of the PCA shall submit an annual report to the Committee on the status of
37 the implementation of the Plan and its corresponding programs/projects.

38
39 The PCA shall commission an independent study on the third year, or any other date as may
40 be determined by the Committee, to assess the impact of the programs and projects in the Plan.
41 The results of the independent study shall be one of the bases to update the Plan. The conduct
42 of the study shall be chargeable to the regular funds of the PCA.

43
44 In the formulation of the Plan, the *Ad Hoc* Committee shall be guided by the following
45 objectives:

- 46
47 a. Increase in the income of coconut farmers and increase coconut productivity
48 including intercropping and livestock-raising;
49 b. Establishment of coconut-based enterprises including integrated processing of
50 coconut products and downstream products:

- 1 c. Rehabilitation and modernization of the coconut industry towards global
2 competitiveness;
- 3 d. Provision of timely and critical support to coconut farmers organization; and
- 4 e. Establishment of social protection programs that directly benefit the coconut
5 farmers and farm workers, in case these social protection programs are not
6 funded by an appropriations law or any other special laws, or where funding is
7 insufficient. The social protection programs shall include: (1) social services
8 such as life, medical, and accident insurance coverage of the coconut farmers
9 and farm workers; (2) scholarships for the benefit of the deserving descendants
10 of the coconut farmers and farm workers; and (3) livelihood programs.

11

12 The Plan shall provide an indicative funding requirement or allocation for the
13 implementation of any and all of the programs and projects, which funding or allocation
14 shall be itemized or broken down on a project-to-project basis; *Provided, That* (a) for
15 projects which are recurring, or to be implemented on a regular basis, the allocation shall
16 indicate the annual fund that may be required to implement the project; and (b) for projects
17 that are to be implemented or concluded within a period of time, the allocation shall
18 indicate the total fund that may be required for the implementation of the whole project,
19 itemized according to the phases or stages of the project. The Plan shall also include the
20 contribution of the regular budget of the PCA.

21

22 Within ninety (90) days from the appointment of all farmer-representatives and the
23 industry representatives, the Plan shall be submitted by the *Ad Hoc* Committee to the
24 Committee which shall, in turn, submit the Plan to the President, as endorsed by the
25 Economic Development Cluster, for approval. Immediately upon its approval, the Plan
26 shall be returned to the Committee for the disbursement of funds in accordance with the
27 provisions of this Act. Any amendment to the Plan shall require the approval of the
28 President, as endorsed by the Economic Development Cluster.

29

30 If the President has any objection or any amendment thereto, the President shall notify the
31 Committee within thirty (30) days from receipt thereof; otherwise, the Plan shall be
32 deemed approved.

33

34 **Chapter VI**

35 **Privatization of the Coconut Levy Assets**

36

37 Section 22. *Privatization of Coconut Levy Assets.* Pursuant to the national policy on the
38 efficient and transparent privatization of government assets (including GOCCs) which are
39 unnecessary or inappropriate for the government sector to maintain:

- 40
- 41 a. The Governance Commission for Government-Owned or -Controlled Corporations
42 shall determine whether it is to the best interest of the Government to privatize any
43 non-cash Coco Levy Asset and recommend to the President the privatization and the
44 mode of the divestment, taking into account the need to generate maximum cash
45 recovery and the implications of such divestment on the coconut industry.
- 46 b. The PMO shall be the disposition entity for non-cash Coconut Levy Assets which
47 shall have been approved for divestment by the President and shall expeditiously
48 sell, alienate, or dispose of the same upon securing the favorable recommendation
49 of the Privatization Council pursuant to EO No. 323 (s. 2000) and other relevant
50 laws, orders, rules, and regulations, and the prior approval of the Committee. In the

1 discharge of this additional mandate, the PMO is hereby empowered to implement
2 the actual marketing/disposition program for the non-cash Coconut Levy Assets, to
3 execute and deliver, on behalf of the Government, the deeds of sale, contracts, and
4 other instruments as may be necessary or appropriate to convey title to such assets
5 to take possession of and conserve the non-cash Coco Levy Assets transferred to it,
6 and engage external expertise as may be necessary in the fulfillment of its tasks
7 under this Act. Any sale and other mode of privatization shall not be considered final
8 unless favorably recommended by the Privatization Council and approved by the
9 Committee.

- 10 c. The PMO shall, within three (3) months from the closure of its books at the end of
11 each fiscal year, submit a comprehensive annual report to the President, through the
12 Privatization Council, on the status of its privatization efforts and its disposition
13 program for the non-cash Coco Levy Assets, which report shall include a description
14 of the assets privatized and disposed of, the purchasers, the consideration received,
15 and the agreed terms of payment.
16

17 Section 23. **Proceeds from Privatization.** All proceeds and receipts or revenues arising out of
18 or in connection with the privatization of the Coconut Levy Assets shall be deposited to the
19 Trust Fund, after deducting reasonable expenses actually, directly, and exclusively incurred by
20 the PMO in connection with such privatization as stated under Section 22 hereof.
21

22 Section 24. **Allowable Investment.** The Committee shall manage the Trust Principal with the
23 skill, care, prudence, and diligence necessary under the circumstances that a prudent person
24 acting in like capacity and familiar with such matters would exercise in the conduct of an
25 enterprise of a like character with similar aims. Pursuant thereto and in line with the basic
26 principles of safety, growth, and liquidity, the Trust Principal shall only be invested in any or
27 all of the following:
28

- 29 a. Bonds, securities, securities, promissory notes, or other evidence of indebtedness
30 of the Government of the Philippines, or in bonds, securities, promissory notes, and
31 other evidence of indebtedness to which full faith, credit, and unconditional
32 guarantee of the Republic of the Philippines is pledged;
- 33 b. Bonds, securities, promissory notes, or other evidence of indebtedness of
34 government financial institutions or government corporations with acceptable
35 credit or guarantee; *Provided, That* such investments shall be subject to a ceiling to
36 be fixed by the Committee in the implementing rules and regulations; and
- 37 c. Deposits and loans and/or investments in any domestic bank doing business in the
38 Philippines and in good standing with the Bangko Sentral ng Pilipinas; *Provided,*
39 *That* in case of such deposits, these shall not exceed at any time the unimpaired
40 capital and surplus or total private deposits of the depository bank, whichever is
41 smaller; *Provided Further, That* the bank shall have been first designated as a
42 depository for this purpose by the Monetary Board of the Bangko Sentral ng
43 Pilipinas; *Provided Finally, That* such investments shall be subject to a ceiling to
44 be fixed by the Committee in the implementing rules and regulations.

Chapter VII
Final Provisions

1
2
3
4 Section 25. *Suppletory Application of Republic Act No. 10149 and Executive Order No. 323.*
5 In the interpretation of the provisions of this Act, the provisions of RA No. 10149, otherwise
6 known as the "GOCC Governance Act of 2011," shall apply suppletorily. EO No. 323,
7 entitled, "Constituting an Inter-Agency Privatization Council and Creating a Privatization and
8 Management Office under the Department of Finance for the Continuing Privatization of
9 Government Assets and Corporations." shall also apply suppletorily.

10
11 Section 26. *Implementing Rules and Regulations.* Within thirty (30) days from the date of the
12 constitution of the Committee, it shall formulate and promulgate the rules and regulations for
13 the proper implementation of this Act, in consultation with the PMO.

14
15 Section 27. *Congressional Oversight.* The Congressional Oversight Committee on
16 Agricultural and Fisheries Modernization shall exercise oversight functions over the
17 implementation of this Act. The financial review of the program in relation to its performance
18 indicators shall be subject to the oversight functions of the Joint Congressional Oversight
19 Committee on Public Enterprises.

20
21 Section 28. *Separability Clause.* If any provision of this Act is declared invalid or
22 unconstitutional, the other provisions not affected by such declaration shall remain in full force
23 and effect.

24
25 Section 29. *Repealing Clause.* All laws, executive and administrative orders, rules and
26 regulations inconsistent with this Act are hereby repealed or amended accordingly.

27
28 Section 30. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in the
29 Official Gazette or in a newspaper of general circulation.