

S. No. 1396
H. No. 8136

Republic of the Philippines
Congress of the Philippines
Metro Manila

Eighteenth Congress

Second Regular Session

Begun and held in Metro Manila, on Monday, the twenty-seventh day of July, two thousand twenty.



[REPUBLIC ACT NO. 11524]

AN ACT CREATING THE COCONUT FARMERS AND INDUSTRY TRUST FUND, PROVIDING FOR ITS MANAGEMENT AND UTILIZATION, RECONSTITUTING FOR THE PURPOSE THE PHILIPPINE COCONUT AUTHORITY BOARD, AND FOR OTHER PURPOSES

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

SECTION 1. *Short Title.* – This Act shall be known as the “Coconut Farmers and Industry Trust Fund Act”.

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

I

DEFINITION OF TERMS

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

(a) *Coconut Farmer* shall refer to:

(1) An owner of a coconut farm that is not more than five (5) hectares, who:

(i) Tills the land (owner-cultivator); or

(ii) Does not till the land, but has control and supervision over the cultivation of the coconut farm which is not more than five (5) hectares;

(2) A leaseholder with not more than five (5) hectares or tenant who tills or supervises the cultivation of the coconut farm; or

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

(b) *Coconut Levy Assets* shall refer to any and all kinds of property, whether real or personal, tangible or intangible, wherever situated, which have been acquired through the Coconut Levy Funds as defined in this section, including those assets that may be recovered in favor of the government, as well as the fruits or income therefrom, including those acquired in exchange or substitution thereof. These shall include, among others, the following:

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

(ii) The CIIF-Oil Mills Group, which refers to the CIIF companies, namely: Southern Luzon Coconut Oil Mills; Cagayan de Oro Oil Co. Inc.; Iligan Coconut Industries, Inc.;

San Pablo Manufacturing Corp.; Granexport Manufacturing Corp.; and Legaspi Oil Co., Inc.;

(iii) The CIIF Holding Companies, which refer to the fourteen (14) holding companies, namely: Anglo Ventures Corporation; ACS Investors, Inc.; Arc Investors, Inc.; AP Holdings, Inc.; Fernandez Holdings, Inc.; First Meridian Development, Inc.; Randy Allied Ventures, Inc.; Rock Steel Resources, Inc.; Roxas Shares, Inc.; SMC Officers Corps, Inc.; Soriano Shares, Inc.; Te Deum Resources, Inc.; Toda Holdings, Inc.; and Valhalla Properties Limited, Inc.; and

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

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

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

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

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

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

(v) The Coconut Reserve Fund under Presidential Decree No. 1468 and Presidential Decree No. 1842.

(d) *Designated Disposition Entity (DDE)* refers to the Privatization Management Office (PMO), Land Bank of the Philippines (LBP), Development Bank of the Philippines (DBP), Social Security System (SSS), Government Service Insurance System (GSIS) which, at the time of enactment of this Act, are one hundred percent (100%) owned by the government.

II

COCONUT FARMERS AND INDUSTRY DEVELOPMENT PLAN

SEC. 4. *Preparation of the Coconut Farmers and Industry Development Plan.* – The Coconut Farmers and Industry Development Plan shall be prepared by the Philippine Coconut Authority (PCA) and approved by the President of the Philippines. The utilization of the Trust Fund created under this Act, or any portion thereof, shall be in accordance with the Development Plan. In the performance of its functions, the PCA shall consult coconut farmers and their organizations, industry associations, civil society organizations, academe, government agencies concerned, particularly the Land Bank of the Philippines (LBP), Development Bank of the Philippines (DBP), Cooperative Development Authority (CDA), Department of Science and Technology–Philippine Council for Agriculture, Aquatic and Natural Resources Research and Development (DOST–PCAARRD), Bureau of Micro, Small and Medium Enterprise Development under the Department of Trade and Industry (DTI), Commission on Higher Education (CHED), Technical Education and Skills Development Authority (TESDA), Agricultural Training Institute (ATI), Philippine Center for Post-harvest Development and Mechanization (PhilMech), Department of Agriculture’s High Value Crops Development Program, Department of Agriculture’s Bureau of Animal Industry’s Philippine Native Animals Development Program, National Dairy Authority (NDA), Department of Public Works and Highways (DPWH) and other stakeholders in the coconut industry. The Plan shall set the directions and

policies for the development and rehabilitation of the coconut industry within fifty (50) years.

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

- (a) Increased productivity and income of coconut farmers;
- (b) Poverty alleviation, education, and social equity; and
- (c) Rehabilitation and modernization of the coconut industry towards farm productivity.

The Plan shall include a national program for:

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

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

(c) Coconut farmers organization and development;

(d) Innovative research projects and their practical application on coconut processing, production and distribution towards developing the local coconut industry; and

(e) Integrated processing of coconut and downstream products.

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

The Plan shall provide an indicative funding requirement or allocation for the implementation of any and all of the

programs and projects to be funded by the Trust Fund which funding or allocation shall be itemized or broken down on a project-to-project basis: *Provided, That,*

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

(ii) For projects that are to be implemented or concluded within a period of time, the allocation shall indicate the total amount that may be required for the implementation of the whole project, itemized according to the phases or stages of said project; and

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

Programs relating to planting, replanting, fertilization, research and development, market promotion, and farm-to-market roads in coconut producing provinces, shall also be funded through regular appropriations.

The Plan shall take into account the distribution of the annual allocation from the Trust Fund, as follows:

(a) Development of hybrid coconut seed farms, and nursery for planting and replanting, twenty percent (20%): to be implemented by the PCA fifteen percent (15%) and the Department of Science and Technology-Philippine Council for Agriculture, Aquatic and Natural Resources Research and Development (DOST-PCAARRD) at five percent (5%) for research respectively;

(b) Training of farmers and their families, as listed in the coconut farmers registry, in farm schools, the training shall be on coconut production and processing technologies, value addition of coconut products, diversification and sustainable farming methods, including organic farming, financial literacy, and farm business schools programs among

others through the TESDA and the ATI, eight percent (8%), to be shared equally;

(c) Research, marketing, and promotion, five percent (5%), to be implemented by the Bureau of Micro, Small and Medium Enterprise Development under the DTI;

(d) Crop Insurance, four percent (4%), to be implemented by the Philippine Crop Insurance Corporation (PCIC);

(e) Farm improvements through diversification and/or intercropping with livestock, dairy, poultry, coffee, cacao production, ten percent (10%), to be implemented by the NDA, the Department of Agriculture's High Value Crops Development Program, and the Department of Agriculture's Bureau of Animal Industry, Native Animal Program to be shared equally;

(f) Shared facilities for processing, ten percent (10%), to be implemented by the PhilMech, the beneficiaries of which are coconut farmers cooperatives, in its absence, to the local government units (LGUs) of identified coconut producing towns;

(g) Organizing and empowerment of coconut farmer organization and their cooperatives, five percent (5%) to be implemented by the Cooperative Development Authority (CDA) for farmers cooperatives and LGUs for coconut farmer organizations. LGUs shall create local small farmers councils to provide mechanisms for consultation and participation;

(h) Credit programs through the DBP and LBP, ten percent (10%) to be shared equally;

(i) Infrastructure development, ten percent (10%), to be implemented by the DPWH, in identified coconut producing LGUs. The DPWH shall give priority to the use of coconut coir or coconet bio-engineering solutions in controlling soil erosion and slope stabilization in the construction of roads and in other applicable projects;

(j) Scholarship program for farmers and their families eight percent (8%), to be implemented by the CHED; and

(k) Health and medical program for farmers and their families ten percent (10%) thereby creating a special unit within the agency for the purpose.

Within one hundred twenty (120) days from the effectivity of this Act, the PCA Board shall enter into a memorandum of agreement with the following agencies, as identified in this section: the DOST-PCAARRD, TESDA, ATI, NDA, PhilMech, CDA, LBP, DBP, CHED, DTI, and DPWH, to ensure a coordinated implementation of the programs under the Development Plan, proper utilization of the allocations provided in this section, and submission of periodic accomplishment report of these implementing agencies to the PCA Board.

To facilitate the implementation of these programs and the identification of beneficiaries, the PCA shall, within ninety (90) days from the effectivity of this Act, complete the Coconut Farmers Registry: *Provided*, That an annual verification of the registry shall be conducted by the LGUs in coordination with the PCA and the Department of Agriculture (DA) to ensure its veracity.

Within one hundred twenty (120) days from the effectivity of this Act, the Plan shall be submitted by the PCA to the President, for approval.

Before the Plan is finalized and submitted to the President for approval, the Department of Budget and Management (DBM), DOF, DTI, and the National Economic and Development Authority (NEDA) shall provide their advisory opinions on the following matters:

(a) Whether the Plan is supportive of and consistent with socio-economic development plans and oriented towards the achievement of explicit objectives and expected results, to ensure that the utilization of Coconut Levy Fund is conducted effectively;

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

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

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

III

THE PHILIPPINE COCONUT AUTHORITY

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

(a) The Secretary of the Department of Agriculture (DA), as Chairperson;

(b) The Secretary of the Department of Finance (DOF), as Vice Chairperson;

(c) The Secretary of the Department of Budget and Management (DBM);

(d) The Secretary of the Department of Science and Technology (DOST);

(e) The Secretary of the Department of Trade and Industry (DTI);

(f) The Administrator of the Authority; and

(g) Three (3) members from the coconut farmers sector (one (1) each from Luzon, Visayas, and Mindanao): *Provided*, That the representatives from the coconut farmers sector shall be Filipino citizens, registered with the PCA's Coconut Farmers Registry, own not more than five (5) hectares of coconut farm in the last ten (10) years, have considerable experience and reputable track record in promoting coconut farmers' interest and welfare, and nominated by coconut farmers organizations or cooperatives that are active for the past three (3) years in farmer organization and development or community enterprise development. They shall be appointed by the President of the Philippines from a list of four (4) nominees for each island grouping: *Provided*, That any appointment to fill a vacancy in the Board arising from death, removal, retirement, or resignation of the appointive members of the Board shall only be for the unexpired term: *Provided, further*, That the term of office of the appointive members of the Board shall be for one (1) year, unless sooner removed for cause: *Provided, finally*, That any appointive member of the Board shall continue to hold office until a successor is appointed.

The government representatives in the reconstituted PCA Board shall, within thirty (30) days from the effectivity of this Act, coordinate with the PCA in promulgating a nomination and screening process for the nominees of representatives of the coconut farmers in consultation with their respective organizations or associations.

IV

RECONVEYANCE OF COCONUT LEVY ASSETS AND/OR FUNDS

SEC. 6. *Reconveyance.* – Within one (1) year upon the effectivity of this Act, all government agencies, except the BTr, and any person having any Coconut Levy Asset and/or

Fund in its administration, authority, custody, or control which have been finally declared by the Supreme Court as belonging to the government, shall perform or cause the performance of the following:

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

They shall likewise perform or cause the performance of the aforementioned acts on Coconut Levy Assets that may hereafter be recovered as belonging to the government to the benefit of the coconut farmers and the development of the coconut industry.

No temporary restraining order (TRO) or any injunction order can be issued on the aforementioned acts except by the Supreme Court.

Within thirty (30) days from the effectivity of this Act, the Presidential Commission on Good Government (PCGG) shall conduct a complete accounting and inventory of the Coconut Levy Assets, including the amount, value, description and nature of such funds, properties, assets, records, choses in action, and other rights, claims, or causes of action pertaining thereto, as well as the investments, disbursements and expenditures relating to the Coconut Levy Funds and submit a report to the Office of the President, the Trust Fund Management Committee, the Commission on Audit (COA), and the BTr.

Within thirty (30) days from receipt of the PCGG inventory, the COA shall audit the accounting and inventory of Coconut Levy Assets to determine the completeness of said inventory, establish the reasonableness of the asset valuation, trace the flow of the Coconut Levy Funds and to determine compliance with pertinent laws, rules and regulations on the

reconveyance of the Coconut Levy Assets and/or Fund to the Republic.

Within one (1) year from the submission of the accounting and inventory of the Coconut Levy Assets, the COA shall submit to the Trust Fund Management Committee its audit report, together with a complete list of Coconut Levy Assets and their valuation, and the empirical basis and the methodologies employed for the said valuation.

The Committee shall, within fifteen (15) days from its receipt of the audit report, publish the same in at least two (2) newspapers of national circulation. Nothing herein shall be construed as preventing the DDEs from procuring a third-party appraisal of any of the Coconut Levy Assets prior to or in the course of preparing the privatization or disposition plans for the said assets.

V

COCONUT FARMERS AND INDUSTRY TRUST FUND

SEC. 7. The Coconut Farmers and Industry Trust Fund.

– There is hereby created a Trust Fund to be known as the “Coconut Farmers and Industry Trust Fund”, referred to in this Act as the “Trust Fund”, which shall be capitalized, managed, invested, utilized and accounted for in the manner provided in this Act.

The Trust Fund shall be maintained in such manner for fifty (50) years under the Coconut Farmers and Industry Development Plan to be formulated under Section 4 of this Act, and shall be used for the benefit of the coconut farmers and the development of the coconut industry.

SEC. 8. Nature and Capitalization of the Trust Fund.

– The Coconut Farmers and Industry Trust Fund is separate and distinct from the regular funds appropriated to the PCA through the annual General Appropriations Act (GAA). As such, the PCA shall continue to pursue its mandate of

implementing programs and projects from the regular GAA appropriations and from funds under the Trust Fund.

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

Immediately upon the enactment of this Act, the BTr shall transfer Ten billion pesos (P10,000,000,000.00) to the Trust Fund, and for the succeeding years, according to the following schedule:

Second year, Ten billion pesos (P10,000,000,000.00);

Third year, Fifteen billion pesos (P15,000,000,000.00);

Fourth year, Fifteen billion pesos (P15,000,000,000.00);

On the Fifth year, Twenty-five billion pesos (P25,000,000,000.00); and any amount accruing, including interest, in the special account in the general fund to the Trust Fund.

The Trust Fund shall thereafter be augmented with all proceeds of privatization or disposition of the Coconut Levy Assets remitted directly thereto by the BTr, Privatization and Management Office (PMO), or other DDEs in accordance with this Act, including any and all forms of income, interests, earnings, yields, or any monetary benefit derived prior to the privatization or disposition of any of the Coconut Levy Assets, and any and all forms of income, interests, earnings, yields, or any monetary benefit derived from retained Coconut Levy Assets. All Coconut Levy Assets in the name of the Philippine Government shall be sold within the period of five (5) years

after the effectivity of this Act, and all other Coconut Levy Assets that may hereafter be recovered shall likewise be disposed of within five (5) years from the time it is declared as belonging to the government, and the proceeds shall be transferred to the Trust Fund for the benefit of the coconut farmers.

Any amount of the Trust Fund Income shall be available for disbursement by the implementing agencies, which shall be utilized in accordance with the Development Plan for a period of fifty (50) years: *Provided*, That the amount in the Trust Fund account for disposition by the designated government implementing agencies under the Development Plan, which shall be released directly to them, shall not be lower than Five billion pesos (P5,000,000,000.00) for any given year.

SEC. 9. Utilization of the Trust Fund. – The utilization of the Trust Fund or any portion thereof shall be in accordance with the Coconut Farmers and Industry Development Plan as provided in Section 4 of this Act: *Provided*, That for purposes of the implementation of the Plan, for the execution of programs and projects identified in the Plan that are allowed to be funded out of the Trust Fund and subject to annual government audit, an initial allocation of Five billion pesos (P5,000,000,000.00) shall be available to the designated government implementing agencies, which shall include disbursements for the formulation of the Coconut Farmers and Industry Development Plan.

For the formulation of the Coconut Farmers and Industry Development Plan the PCA shall have an allocation of Five million pesos (P5,000,000.00), the disbursements to the designated implementing agencies shall be in accordance with the Coconut Farmers and Industry Development Plan once approved by the President.

SEC. 10. Creation of a Trust Fund Management Committee. – There is hereby created a Trust Fund Management Committee, which shall be comprised of authorized representatives of the DOF, DBM, and Department

of Justice (DOJ). The Trust Fund Management Committee shall be responsible for setting the Investment Strategy of the Trust Fund, which includes the following, among others:

- (a) Setting of investment priorities;
- (b) Setting of investment themes;
- (c) Evaluation of assets to determine portfolio size;
- (d) Setting of asset allocation;
- (e) Setting of policies with respect to particular asset types;
- (f) Guidelines for portfolio turnover;
- (g) Guidelines for Trust Fund Management Expenses;
- (h) Set the annual allocation of the Trust Fund available for disbursement which shall not be less than Five billion pesos (P5,000,000,000.00) per year but which can be more if the funds shall permit;
- (i) Approval of the financial requirements of DDEs in relation to its function set forth under this Act, including its annual budget for operations, management, and privatization/ disposition of Coconut Levy Assets and/or Funds transferred and entrusted in its care; and
- (j) Other guidelines as may be necessary to fulfill its mandate under this Act.

The BTr shall act as the Trust Fund Management Committee Secretariat and shall maintain records and accounts of all investments, receipts, disbursements, and other transactions relating to the management, administration, and utilization of the Trust Fund: *Provided*, That these records and accounts shall be maintained in accordance with existing accounting and auditing laws, rules and regulations, and shall be audited by the COA.

For the above purposes, an amount of one-half of one percent of the Trust Fund Principal shall be utilized as Trust Fund Management Expense, which shall be sourced from the Trust Fund. The Trust Fund Management Expense shall answer for all expenses directly incurred in the management of the Trust Fund, including, but not limited to, transaction fees, redemption fees, placement fees, investment fees, transaction costs, and other operating expenses.

SEC. 11. *Designation of DOF as Trust Fund Manager.*
– The DOF is hereby designated as Manager of the Trust Fund. As Manager, it shall be responsible for implementing the Investment Strategy set by the Trust Fund Management Committee and managing the portfolio of the Trust Fund.

In the performance of its functions, the DOF shall have the following functions:

(a) Monitor market and economic trends and track securities in order to make informed investment decisions;

(b) Recommend its portfolio strategy to the Trust Fund Management Committee;

(c) In managing the portfolio, track financial results of the companies in the portfolio and its various metrics, such as, but not limited to, price-to-earnings ratios, inflation-adjusted return, sales, earnings, and dividends;

(d) Recommend to the Trust Fund Management Committee the designation of DDEs defined in Section 3 of this Act; and

(e) Perform other acts necessary to fulfill its mandate under this Act.

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

(a) Hold, account, and collect on a timely basis all current and future income and other payments with respect to securities and other assets to which the Trust Fund shall be entitled to in the manner set forth by the DOF as Trust Fund Manager;

(b) Release and deliver out securities and other assets of the Trust Fund upon receipt of proper instructions from the Trust Fund Manager, specifying the securities or assets to be delivered out and the person or persons to whom the delivery is to be made;

(c) Release funds directly to the designated government implementing agencies pursuant to the implementation of the Coconut Farmers and Industry Development Plan as approved by the President under Section 4 of this Act; and

(d) Perform any act as may be directed by the Trust Fund Manager in accordance with the Investment Strategy set forth by the Trust Fund Committee.

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

The Trust Fund Management Committee is hereby directed to draft the implementing rules and regulations in order to effectuate Sections 9 to 11 of this Act.

VI

DISPOSITION OF NON-CASH COCONUT LEVY ASSETS

SEC. 13. *Disposition of Non-Cash Coconut Levy Assets.*
 - Coconut Levy Assets defined in Section 3 hereof, which are assigned by the Trust Fund Management Committee to DDEs

shall be privatized or disposed subject to the regulatory approvals as required by law within the period of five (5) years from the effectivity of this Act.

This Act shall in no case exempt Coconut Levy Assets from the respective jurisdictions of the various applicable regulators, particularly the Governance Commission for Government-owned or -controlled Corporations (GCG), the Bangko Sentral ng Pilipinas (BSP), the Philippine Deposit Insurance Corporation (PDIC), and the Insurance Commission (IC).

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

Subject to the approval of the Trust Fund Management Committee, the DDEs are hereby empowered to:

(i) Implement the marketing and disposition program of the Coconut Levy Assets and/or Funds;

(ii) Execute and deliver, on behalf of the National Government, deeds of sale, contracts, trust instruments, and other legally operative documents as may be necessary or appropriate to convey title to, take possession of, and conserve, such assets;

(iii) Engage external expertise as may be necessary in the fulfillment of its tasks under this Act; and

(iv) Adopt internal rules and regulations in relation to the marketing and disposition of the Coconut Levy Assets and/or Funds.

The DDEs shall prepare the disposition plans and policies of the Coconut Levy Assets transferred to it. They are empowered to enter into sales through public bidding, negotiated sale, lease, or any form of divestment or transmission of rights over the Coconut Levy Assets and/or Funds, including a partnership with the private sector in the management or operation of these Coconut Levy Assets and/or Funds prior to actual sale or disposition in accordance with the Investment Strategy approved by the Trust Fund Management Committee: *Provided*, That the maintenance and operation expenses of the non-cash assets shall not in any manner be taken from the existing cash component of the Coconut Levy Assets.

Prior to the implementation of any disposition plan for corporations transferred to it, the DDEs may recommend the following:

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

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

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

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

SEC. 15. *Remittance of Proceeds of Privatization.* – Any provision of law to the contrary notwithstanding, all proceeds or receipts from the sale of Coconut Levy Assets and/or Funds, except portions thereof for reimbursable custodianship and operational expenses, or such amount approved by the Trust Fund Management Committee to be retained by the DDE, shall be remitted to the Trust Fund.

SEC. 16. *Reporting Requirements.* – The Trust Fund Management Committee shall, on a semi-annual basis, submit to the President and to the Congressional Oversight Committee on Agriculture and Fisheries Modernization (COCAFAM) a report on the status of disposition of the Coconut Levy Assets, which shall include, among others, a description of the individual assets disposed of, their purchasers, the consideration received, and the agreed terms of payment.

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

VII

FINAL PROVISIONS

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

SEC. 18. *Congressional Oversight.* – The Congressional Oversight Committee on Agriculture and Fisheries Modernization (COCAFAM) shall exercise oversight on the implementation of this Act.

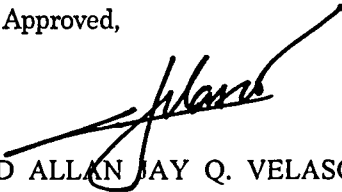
SEC. 19. *Separability Clause.* – If any provision of this Act is declared invalid or unconstitutional, the other provisions


not affected by such declaration shall remain in full force and effect.

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

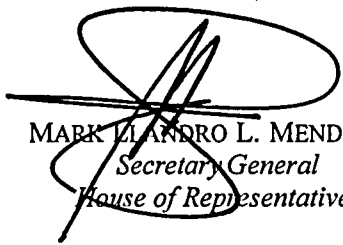
SEC. 21. Effectivity. – This Act shall take effect fifteen (15) days after its complete publication in the *Official Gazette* or in two (2) newspapers of general circulation.


Approved,


LORD ALLAN JAY Q. VELASCO
*Speaker of the House
of Representatives*


VICENTE C. SOTTO III
President of the Senate


This Act was passed by the Senate of the Philippines as Senate Bill No. 1396 on October 5, 2020 and adopted by the House of Representatives as an amendment to House Bill No. 8136 on December 16, 2020.


MARK LLANDRO L. MENDOZA
*Secretary General
House of Representatives*


MYRA MARIE D. VILLARICA
Secretary of the Senate

Approved: FEB 26 2021




RODRIGO ROA DUTERTE
President of the Philippines

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