

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



Senate
Office of the Secretary

15 MAR -2 P3:51

SENATE

RECEIVED BY: *ju*

COMMITTEE REPORT NO. 106

Prepared and submitted jointly by the Committees on Agriculture and Food, and Finance
on MAR 02 2015

Re: Senate Bill No. 2675

Recommending its approval in substitution of Senate Bill Nos. 455, 2126 and 2467, and *taking into consideration*
Proposed Senate Resolution No. 30

Sponsor: Senator Villar

Mr. President:

The Committee on Agriculture and Food, and the Committee on Finance, to which were referred Senate Bill No. 455, 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. 2126, authored by Sen. Villar, entitled:

**“AN ACT
DECLARING THE COCONUT LEVY FUNDS AS PUBLIC FUNDS, AUTHORIZING THE PRIVATIZATION AND MANAGEMENT OFFICE TO DISPOSE THE COCONUT LEVY ASSETS, ESTABLISHING THE COCONUT FARMERS AND INDUSTRY FUND, PROVIDING FOR ITS MANAGEMENT AND UTILIZATION, AND FOR OTHER PURPOSES”**

S. B. No. 2467, 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 P. S. R. No. 30, authored by Sen. Recto, entitled:

“A RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE STATUS OF COCONUT LEVY ASSETS, WITH THE END IN VIEW OF ENSURING THAT IT WILL BE USED PRIMARILY FOR THE BENEFIT OF ALL COCONUT FARMERS AND FOR THE DEVELOPMENT OF THE INDUSTRY”

have considered the same and have the honor to report back to the Senate with the recommendation that the attached bill, Senate Bill No. 2675, entitled:

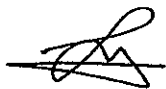
**“AN ACT
DECLARING THE COCONUT LEVY ASSETS AS A TRUST FUND,
PROVIDING FOR ITS MANAGEMENT AND UTILIZATION,
AUTHORIZING THE PRIVATIZATION AND MANAGEMENT OFFICE TO
DISPOSE THE COCONUT LEVY ASSETS, AND FOR OTHER
PURPOSES**

be approved in substitution of Senate Bill Nos. 455, 2126 and 2467, and Proposed Senate Resolution No. 30, with Senators Recto, Villar, and Aquino IV as authors thereof.

taking into consideration



Respectfully submitted,



SEN. FRANCIS “CHIZ” G. ESCUDERO
Chair, Committee on Finance



SEN. CYNTHIA A. VILLAR
Chair, Committee on Agriculture and Food; Member, Committee on Finance



SEN. GRACE POE
Vice-Chair, Committee on Agriculture and Food; Member, Committee on Finance

SEN. ALAN PETER S. CAYETANO
Majority Leader; Vice-Chair, Committee on Agriculture and Food

SEN. SERGIO R. OSMEÑA III
Vice-Chair, Committee on Finance

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SEN. FERDINAND R. MARCOS JR.
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SEN. PIA S. CAYETANO
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SEN. MANUEL "LITO" M. LAPID
Committee on Finance

SEN. MIRIAM DEFENSOR SANTIAGO
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SEN. JINGGOY EJERCITO ESTRADA
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SEN. JUAN PONCE ENRILE
Minority Leader

SEN. ALAN PETER S. CAYETANO
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SEN. RALPH G. RECTO
Senate President Pro-Tempore

HON. FRANKLIN M. DRILON
Senate President



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SENATE

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Senate Bill No. 2675

(In Substitution of Senate Bill Nos. 455, 2126, and 2467,
and Proposed Senate Resolution No. 30)

Prepared and submitted jointly by the Committees on Agriculture and Food, and Finance,
with **Senators Recto, Villar, and Aquino IV** as authors thereof

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

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

1 **SECTION 1. Short Title.** – This Act shall be known as the "Coconut Farmers
2 and Industry Development Act of 2015".

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

I

Definition of Terms

10 **SEC. 3. Definition of Terms.** – The following terms shall mean:

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

13 (b) "CIIF - Oil Mills Group" shall refer to the CIIF companies, namely, Southern
14 Luzon Coconut Oil Mills; Cagayan de Oro Oil Co. Inc.; Iligan Coconut Industries, Inc.;
15 San Pablo Manufacturing Corp.; Granexport Manufacturing Corp.; and Legaspi Oil
16 Co, Inc.;

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

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

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

18 This shall include, among others, the following:

- 19 i. The 72.2% shares of United Coconut Planters Bank's (UCPB's)
20 outstanding capital stock;
- 21 ii. The CIIF - Oil Mills Group;
- 22 iii. The CIIF Holding Companies; and
- 23 iv. The CIIF SMC Block Shares;

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

1 exporters, desiccators and other end-users of *copra rececada* or its equivalent in
2 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 Coconut
6 Industry Stabilization Fund, created under Presidential Decree No. 276;
- 7 iii. The Coconut Industry Development Fund created under Presidential
8 Decree No. 582;
- 9 v. The Coconut Industry Investment Fund created under Presidential Decree
10 No. 1468; and
- 11 vi. The Coconut Reserve Fund under Presidential Decree No. 1468 and
12 Presidential Decree No. 1842.

13 (h) "Committee" shall refer to the Coconut Farmers and Industry Trust Fund
14 Committee created under Section 11 of this Act;

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

17 (j) "PCA" shall refer to the Philippine Coconut Authority, created under
18 Presidential Decree 232 (S. 1973) as amended by Presidential Decree 1468 (S.
19 1978);

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

22 (l) "Plan" shall refer to the Coconut Farmers and Industry Development Plan,
23 to be prepared under Section 17 of this Act;

24 (m)"President" shall refer to the President of the Republic of the Philippines;

25 (n) "Trust Fund" shall refer to the Coconut Farmers and Industry Trust Fund
26 declared under Section 6 of this Act;

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

4 (p) "Trust Principal" shall refer to (i) the initial Trust Principal composed of the
5 proceeds from the redemption of the Converted SMC 1 Preferred Shares, dividends
6 declared, paid, or issued on the Converted SMC 1 Preferred Shares, and all income
7 or interest derived therefrom as of the effectivity of this Act; and any other cash
8 Coconut Levy Asset deposited in the Bureau of Treasury and UCPB as administrator
9 of the CIIF; (ii) any and all proceeds of privatization of the Coconut Levy Assets
10 remitted thereto by the Privatization and Management Office, and (iii) proceeds of
11 privatization of any or all properties or assets conveyed by any person, group or
12 entity to the Committee, from time to time, as provided in Section 8 hereof.

13 II

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

15 **SEC. 4. *Audit and Inventory of Coconut Levy Assets.*** – Upon the effectivity
16 of this Act, the Commission on Audit (COA), in coordination with the PCA and the
17 PCGG, shall conduct a complete accounting and inventory of the Coconut Levy
18 Assets. The audit shall determine and ascertain the amount, value, description and
19 nature of such funds, properties, assets, records, choses in action, and other rights,
20 claims, or causes of action pertaining thereto. Likewise, the COA shall conduct an
21 audit of all investments, disbursements or expenditures arising from Coconut Levy
22 Funds.

23 Within one hundred twenty (120) days from the effectivity of this Act, the COA
24 shall submit to the Committee its audit report, together with a complete list of
25 Coconut Levy Assets and their valuation, and the empirical basis and the
26 methodologies employed for the said valuation.

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

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

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

9 (1) reconvey title to the Republic of the Philippines over the Coconut Levy
10 Assets;

11 (2) deliver all stock certificates and other evidence of ownership to the Bureau
12 of Treasury for safekeeping; and

13 (3) deposit all cash Coconut Levy Assets in the Trust Fund.

14 III

15 Coconut Farmers and Industry Trust Fund

16 **SEC. 6. The Coconut Farmers and Industry Trust Fund.** – The Coconut
17 Levy Assets are hereby declared a trust fund to be known as the “Coconut Farmers
18 and Industry Trust Fund,” herein referred to as the “Trust Fund,” which shall be
19 capitalized, managed, utilized and accounted for in the manner provided in this Act.

20 **SEC. 7. Purpose of the Trust Fund.** – The Trust Fund shall be used
21 exclusively for the development of the coconut industry for the ultimate benefit of
22 coconut farmers and farm workers.

23 **SEC. 8. Capitalization of the Trust Fund.** – The proceeds from the
24 redemption of the Converted SMC 1 Preferred Shares, dividends declared, paid, or
25 issued on the Converted SMC 1 Preferred Shares, and all income or interest derived
26 therefrom as of the effectivity of this Act; and any other cash Coconut Levy Asset
27 deposited in the Bureau of Treasury and UCPB as administrator of the CIIF shall
28 form part of the initial capital of the Trust Fund. For this purpose, any provision of law

1 to the contrary notwithstanding, the BTr and UCPB shall directly release any and all
2 monies to the Trust Fund.

3 The Trust Fund shall thereafter be augmented with all proceeds of
4 privatization/disposition of the Coconut Levy Assets remitted directly thereto by the
5 PMO in accordance with this Act, and any and all forms of income, interests,
6 earnings, yields, or any monetary benefit derived therefrom prior to the
7 privatization/disposition of these Coconut Levy Assets.

8 Nothing in this Act shall be understood to prevent or prohibit any person,
9 group or entity from conveying to the Committee other properties and/or additional
10 assets either for the use of the coconut industry, or for purposes of privatization, in
11 which case, the proceeds of such privatization shall form part of the Trust Fund.

12 No portion of the Trust Fund shall accrue to the general fund of the National
13 Government.

14 **SEC. 9. *Management and Utilization of the Trust Fund and Trust Income.***

15 – The Trust Principal shall be preserved and maintained at all times and, for this
16 purpose, shall be invested only in Philippine government securities. Only the Trust
17 Income shall be used for the implementation of the Plan and for the payment of
18 expenses allowed under this Act: *Provided, That,* for purposes of the initial
19 implementation of the Plan and its programs and projects, and to fund the allowable
20 expenses under this Act, pending the accrual of or availability of the Trust Income,
21 the Committee is hereby authorized to use a portion of the Trust Principal which shall
22 in no case exceed five percent (5%) of the amount constituting the initial capital of the
23 Trust Fund.

24 For the initial year, the amount of Fifty Million Pesos (PhP50,000,000.00), to
25 cover expenses of the Committee in connection with the discharge of its
26 responsibilities, and expenses for the conduct of an audit and inventory of Coconut
27 Levy Assets, and formulation of the Plan, is hereby authorized to be charged against
28 the five percent (5%) portion of the initial capital of the Trust Principal permitted to be

1 used. For the succeeding years, not more than three percent (3%) of the Trust
2 Income accruing during the immediately preceding year shall be used to cover for
3 annual expenses of the Committee. If the expenses in any year are less than the
4 maximum amount permissible, the difference shall not be availed of as additional
5 expenses in the following years.

6 To fund the expenses of the PMO for the first year in the discharge of its
7 functions for the privatization or disposition of the Coconut Levy Assets, the
8 Committee is hereby authorized to approve advances and/or reimbursements to the
9 PMO in the amount of not more than Fifty Million Pesos (PhP50,000,000.00), which
10 shall likewise be charged against the five percent (5%) portion of the initial capital of
11 the Trust Fund.

12 Temporary investment of the Trust Principal shall not be construed as
13 disbursement of funds.

14 All fund releases approved by the Committee shall be released directly to the
15 implementing agencies.

16 **SEC. 10. Designation of the Bureau of Treasury as Depository of the**
17 **Trust Fund.** – Any law to the contrary notwithstanding, the Bureau of Treasury is
18 hereby designated as the depository of the Trust Fund, which shall (i) invest the Trust
19 Fund in Philippine government securities; (ii) release funds directly to the
20 implementing agencies upon the instruction of the Committee; (iii) account for the
21 utilization and investment of the Trust Fund and (ii) exercise the tasks, functions and
22 duties determined and established by the Committee.

23 IV

24 Coconut Farmers and Industry Trust Fund Committee

25 **SEC. 11. Creation of the Coconut Farmers and Industry Trust Fund**
26 **Committee.** – There is hereby created the Coconut Farmers and Industry Trust Fund
27 Committee which shall be attached to the Office of the President.

28 The Committee shall have the following powers and functions:

1 (1) Direct, supervise and coordinate the Implementation of the Coconut
2 Farmers and Industry Development Plan;

3 (2) Approve disbursements from the Trust Income and from the five percent
4 (5%) of the initial capital of the Trust Principal;

5 (3) Arrange for the transfer of the Coconut Levy Assets to the National
6 Government and/or to the Privatization and Management Office for privatization or
7 disposition;

8 (4) Establish guidelines for the privatization or disposition of the Coconut Levy
9 Assets by the PMO;

10 (5) Approve, or disapprove, on behalf of the National Government and without
11 need of any further approval by, or other action from any other government institution
12 or agency, the sale or disposition of the Coconut Levy Assets identified for disposition
13 or privatization, in each case on terms and to purchasers recommended by the PMO:
14 *Provided*, That neither the Committee itself, nor any of its members, shall undertake
15 the marketing of any such assets, participate in the negotiation for their sale, or make
16 the sale itself, nor yet bring about any situation which may give rise to a conflict of
17 interest;

18 (6) Exercise on behalf of the National Government all rights and incidents of
19 ownership with respect to such assets, including the right to vote, whether directly or
20 through duly authorized nominees, shares of stock held in the name of the National
21 Government;

22 (7) Approve the financial requirements of the PMO in relation to its functions
23 set forth in this Act, including its annual budget for operations, management and
24 disposition of the Coconut Levy Assets transferred and entrusted under its care;
25 which shall not be more than three percent (3%) of the Trust Income of the preceding
26 year;

27 (8) Appoint, transfer, remove for cause, personnel of the Committee, and fix
28 their remuneration in accordance with the Salary Standardization Law; and

1 (9) Exercise such other incidental powers and functions as may be
2 necessary to attain the objectives of this Act.

3 **SEC. 12. Composition.** – The Committee shall be composed of the Secretary
4 of Agriculture as Chairman, the Secretary of Finance as Vice-Chairman, the Director-
5 General of the National Economic and Development Authority, the Administrator of
6 the Philippine Coconut Authority, and five (5) representatives from the coconut
7 farmers sector.

8 The five (5) representatives from the coconut farmers sector shall be
9 appointed by the President from a list of nominees, containing at least eight (8)
10 names, submitted by the PCA, pursuant to a selection process under Section 24 of
11 this Act. They shall each hold a term of three (3) years, and may be reappointed
12 once. Any appointment to fill the vacancy in the Committee arising from death,
13 removal, retirement or resignation shall be made only for the unexpired term.

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

17 **SEC 14. Executive Director of the Committee.** – The President, upon
18 recommendation of the Committee, shall appoint an Executive Director who shall
19 have the following powers and functions:

20 a) Execute, administer and implement the plans and programs approved or
21 promulgated by the Committee;

22 b) Direct and supervise officials, employees, representatives and agents for
23 the Committee;

24 c) Prepare an annual report on the activities of the Committee at the close of
25 each fiscal year and to submit a copy thereof to the President and Congress;

26 d) Keep and maintain official records and reports of the proceedings of the
27 Committee;

1 e) Administer oaths in all matters falling within the jurisdiction of the
2 Committee; and

3 f) Exercise such other duties as may be vested by the Committee that are
4 consistent with the provisions of this Act.

5 **SEC. 15. Meetings.** – The Committee shall meet as frequently as may be
6 necessary and expedient to discharge its responsibilities: *Provided*, That, it shall
7 meet at least once a month.

8 The presence of at least a majority of the members of the Committee shall
9 constitute a quorum, and the concurrence of a majority of the members present at a
10 meeting at which a quorum exists shall be adequate for any decision by the
11 Committee: *Provided*, That, where the matter involves the approval of (i) any
12 disposition or privatization proposal involving more than Five Hundred Million Pesos
13 (PhP500,000,000.00), (ii) any proposed investment involving more than One
14 Hundred Million Pesos (PhP100,000,000.00), and (iii) the utilization of the Trust
15 Income in amounts exceeding Fifty Million Pesos (PhP50,000,000.00), the approval
16 of at least a majority of the members of the Committee shall be required.

17 **SEC. 16. Legal Counsel.** – The Secretary of Justice shall be the *ex-officio*
18 adviser to the Committee on legal matters.

19 V

20 Coconut Farmers and Industry Development Plan

21 **SEC. 17. Preparation of the Coconut Farmers and Industry Development**
22 **Plan.** – The National Economic and Development Authority, Department of
23 Agriculture, Department of Agrarian Reform, Department of Trade and Industry,
24 Department of Science and Technology, Department of Energy, Department of Public
25 Works and Highways, Department of the Interior and Local Government, and the
26 National Anti-Poverty Commission are herein constituted as an *ad-hoc* committee
27 that will prepare the “Coconut Farmers and Industry Development Plan,” herein
28 referred to as the “Plan.” The Director-General of the National Economic and

1 Development Authority shall be the Chairman of the *ad hoc* committee. In the
2 preparation of the Plan, the *ad-hoc* committee shall consult with representatives of
3 the coconut industry, including coconut farmers organizations.

4 The Plan shall set the directions and policies for the rehabilitation and
5 development of the coconut industry.

6 In the formulation of the Plan, the Committee shall be guided by the following
7 objectives:

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

12 The Plan shall include a national program for (a) coconut productivity,
13 including intercropping and livestock raising; (b) community-based coconut
14 enterprises, including integrated processing of coconut products and downstream
15 products; (c) coconut farmers organization and development; and (d) social
16 protection that directly benefit coconut farmers and farm workers, such as, but not
17 limited to, medical and/or health and life insurance services, educational scholarships
18 for deserving students coming from families of coconut farmers, or beneficiaries of
19 the Coconut Levy Funds, in case these social protection programs are not funded by
20 an appropriations law or any other special law, or where funding is insufficient.

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

24 The Plan shall provide an indicative funding requirement or allocation for the
25 implementation of any and all of the programs and projects to be funded by the Trust
26 Income, which funding or allocation shall be itemized or broken down on a project-to-
27 project basis: *Provided*, That, (i) for projects which are recurring, or to be
28 implemented on a regular basis, the allocation shall indicate the annual fund that may

1 be required to implement said project; and (ii) for projects that are to be implemented
2 or concluded within a period of time, the allocation shall indicate the total fund that
3 may be required for the implementation of the whole project, itemized according to
4 the phases or stages of said project.

5 Within one hundred eighty (180) days from the start of the effectivity of this
6 Act, the Plan shall be submitted to the President, through the Committee, for
7 approval. Thereafter, the Committee shall approve the disbursements of funds in
8 accordance with the provisions of this Act.

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

10 VI

11 Privatization of the Coconut Levy Assets

12 **SEC. 18. *Privatization of the Coconut Levy Assets.*** – To increase the
13 benefits that can be provided to the coconut farmers and enhance the development
14 of the coconut industry, all Coconut Levy Assets transferred to the Privatization and
15 Management Office shall be privatized or disposed within five (5) years from the
16 effectivity of this Act.

17 **SEC. 19. *Additional Mandate of the Privatization and Management Office***
18 **(PMO).** – In addition to its powers, duties and functions under Executive Order No.
19 323 dated December 6, 2000, the PMO, shall, for and in behalf of the National
20 Government, take title to and possession of, conserve, provisionally manage, and
21 dispose of the Coco Levy Assets.

22 In the discharge of its mandate, the PMO is hereby empowered to (i) formulate
23 and implement the marketing and disposition program of the Coco Levy Assets; (ii)
24 execute and deliver, on behalf of the National Government, deeds of sale, contracts,
25 trust instruments, and other legally operative documents as may be necessary or
26 appropriate to convey title to, take possession of, and conserve, such assets; (iii)
27 engage external expertise as may be necessary in the fulfillment of its tasks under

1 this Act; and (iv) adopt internal rules and regulations in relation to the marketing and
2 disposition of the Coconut Levy Assets.

3 Any and all sales and other modes of privatization or disposition shall not be
4 considered final unless and until approved by the Committee.

5 **SEC. 20. Powers of the Privatization and Management Office.** – The PMO
6 shall prepare the privatization plans and policies of the Coconut Levy Assets
7 transferred to it. It is empowered to enter into sales through public bidding,
8 negotiated sale, lease, or any form of divestment or transmission of rights over the
9 Coconut Levy Assets, including a partnership with the private sector in the
10 management or operation of these Coconut Levy Assets prior to actual sale or
11 disposition.

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

14 (i) require anyone or more of the subject corporations to adopt and
15 implement cost-reduction measures to enhance the viability, and therefore the
16 disposability of such corporations, to potential buyers, including measures requiring
17 personnel retrenchment plans or other forms of corporate downsizing;

18 (ii) direct anyone or all of the subject corporations to submit to the PMO,
19 within fixed time-tables, such reports and information as the PMO may require in the
20 exercise of its ownership, administrative, and disposition over such corporations or
21 their assets; and

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

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

1 Nothing herein shall be construed as authorizing the Committee or the PMO to
2 rehabilitate, or allow reinvestments of, any and all Coconut Levy Assets transferred to
3 the National Government.

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

12 **SEC. 22. *Remittance of Proceeds of Privatization.*** – Any provision of law to
13 the contrary notwithstanding, all proceeds or receipts from the sale of Coconut Levy
14 Assets, except portions thereof for reimbursable custodianship and operational
15 expenses or such amount approved by the Committee to be retained by the PMO,
16 shall be remitted directly to the Trust Fund.

17 **SEC. 23. *Reporting Requirements.*** – The Committee shall, on a semi-annual
18 basis, submit to the President and to Congress a report on the status of disposition of
19 the Coconut Levy Assets, which shall include, among others, a description of the
20 individual assets disposed of, their purchasers thereof, the consideration received
21 therefor, and the agreed terms of payment.

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

27 VII

28 Miscellaneous

1 **SEC. 24. Selection of Representatives of the Coconut Farmers Sector.** –
2 Within thirty (30) days following the effectivity of this Act, the PCA shall promulgate a
3 selection process of nominees as representatives of the coconut farmers sector in
4 the Committee. The nominees shall be validated and shortlisted from the coconut
5 farmers registry of the PCA: *Provided*, That the PCA shall first complete its coconut
6 farmers registry before the selection process can commence. The list of nominees
7 shall be submitted to the President not later than sixty (60) days from the start of the
8 selection process.

9 **SEC. 25. Applicability of Republic Act No. 10149 and Executive Order**
10 **323.** – In case of doubt in the interpretation of the provisions of this Act, the
11 provisions of Republic Act No. 10149, otherwise known as the "GOCC Governance
12 Act of 2011," and Executive Order 323, entitled "Constituting an Inter-Agency
13 Privatization Council (PC) and Creating A Privatization and Management Office
14 (PMO) Under The Department of Finance For The Continuing Privatization of
15 Government Assets and Corporations," except Sections 2 and 3 of Article IV of E. O.
16 323, shall apply suppletorily.

17 **SEC. 26. Implementing Rules and Regulations.** – Within ninety (90) days
18 from the date of effectivity of this Act, the Committee, in consultation with the PMO,
19 shall formulate and promulgate the rules and regulations for the proper
20 implementation of this Act.

21 **SEC. 27. Congressional Oversight.** – The Congressional Oversight
22 Committee on Agricultural and Fisheries Modernization (COCAFAM) shall exercise
23 oversight on the implementation of this Act.

24 **SEC. 28. Separability Clause.** – If any provision of this Act is declared invalid
25 or unconstitutional, the other provisions not affected by such declaration shall remain
26 in full force and effect.

1 **SEC. 29. Repealing and Amendatory Clause.** – All laws, executive and
2 administrative orders, rules and regulations inconsistent with this Act are hereby
3 repealed or amended accordingly.

4 **SEC. 30. 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,