



HOUSE OF REPRESENTATIVES

H. No. 8136

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BY REPRESENTATIVES CAYETANO (A.P.), TAN (A.), AGLIPAY, TORRES-GOMEZ, ENVERGA, CANAMA, NOGRALES (J.J.), VILLAFUERTE, GARIN (S.), JALOSJOS, DY (I.P.), SUAREZ (A.), NOEL, ROMERO, PINEDA, TAMBUNTING, RODRIGUEZ, SUAREZ (D.), MADRONA, SAVELLANO, OLIVAREZ, SY-ALVARADO, DEL MAR, JIMENEZ, DY (F.), CHATTO, LARA, REVILLA, ROMAN, VIOLAGO, BUSTOS, NIETO, TAN (S.A.), GERON, TOLENTINO, CABATBAT, EBCAS, VILLANUEVA (E.), RIVERA, LACSON-NOEL, TALLADO, HERNANDEZ, MERCADO, CAMINERO, BENITEZ, VILLARAZA-SUAREZ, ALBANO, ONG (J.), SUANSING (E.), ACOP, VARGAS ALFONSO, BARONDA, UY (J.), BABASA, VERGARA, ESPINA, SAGARBARRIA, VALMAYOR, GASATAYA, ACOSTA, GORRICETA, SIAO, BARBA, SILVERIO, CABREDO, CAGAS, CHUNGALAO, SINGSON-MEEHAN, FUENTEBELLA, DY (F.M.C.), SANGCOPAN, NATIVIDAD-NAGAÑO, LACSON, RAMIREZ-SATO, BORDADO, ARENAS, GARCIA (P.J.), ROMUALDO, FARIÑAS (R.C.), BELMONTE, QUIMBO, ERMITA-BUHAIN, SALCEDA, CUA, TEJADA, SUANSING (H.), MATUGAS, GARCIA (J.E.), GONZAGA, HARESCO, CUARESMA, DAZA, LIMKAICHONG, ZUBIRI, BAUTISTA-BANDIGAN, CALDERON, CAMPOS, GONZALEZ, MOMO, FRASCO, ZAMORA (W.K.), BALINDONG, BERNOS, BRAVO, BASCUG, CARI, DALOG, DELOS SANTOS, DELOSO-MONTALLA, DIMAPORO (A.), ESPINO, HOFER, LABADLABAD, MARIÑO, NAVA, ORTEGA, OUANO-DIZON, PLAZA, SANCHEZ, TIANGCO, TUTOR, TY (D.), CO (E.), DAGOOC, GUYA, FORTUN, CABOCHAN, GATCHALIAN, MENDOZA, ROMULO, SARMIENTO, SUNTAY, DALIPE, YAP (E.) AND VELASCO, PER COMMITTEE REPORT NO. 625

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**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 FOR THE BENEFIT OF THE COCONUT FARMERS AND THE DEVELOPMENT OF THE COCONUT INDUSTRY**

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

1       **SECTION 1. Short Title.** This Act shall be known as the ‘Coconut Farmers and Industry  
2 Trust Fund Act.’

3  
4       **SEC. 2. Declaration of Policy.** It is hereby declared the policy of the State to consolidate  
5 the benefits due to coconut farmers, especially the poor and marginalized, under various statutes  
6 and to expedite the delivery thereof to attain a balanced, equitable, integrated and sustainable  
7 growth and development of the coconut industry.  
8

**I**  
**DEFINITION OF TERMS**

9  
10       **SEC. 3. Definition of Terms.** As used in this Act:

11 (a) **Coconut Farmer** shall refer to:

12 (1) A farmer-owner of a coconut farm who:

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

14 (ii) Does not till the land, but has control and supervision over the cultivation of the  
15 coconut farm;

16 (2) A leaseholder or tenant who tills or supervises the cultivation of the coconut farm; or

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

19 (b) **Coconut Levy Assets** shall refer to any and all kinds of property, whether real or personal,  
20 tangible or intangible, wherever situated, which have been acquired through the Coconut Levy  
21 Funds as defined in this Section, including those assets that may be laterrecovered in favor of the  
22 Government, as well as the fruits or income therefrom, andthose acquired in exchange or  
23 substitution thereof. These shall include the following:

24 (i) The shares of stock in United Coconut Planters Bank (UCPB) that were determined  
25 to be owned by the Government, otherwise known as the ‘Coconut Investment Act’;

26 (ii) The CIIF-Oil Mills Group, which refers to the CIIF companies, namely: Southern  
27 Luzon Coconut Oil Mills; Cagayan de Oro Oil Co. Inc.; Iligan Coconut Industries,  
28 Inc.; San Pablo Manufacturing Corp.; Granexport Manufacturing Corp.; and Legaspi  
29 Oil Co, Inc.;

30 (iii) The CIIF Holding Companies, which refers to the fourteen (14) holding companies,  
31 namely: Anglo Ventures Corporation; ASC Investors, Inc.; Arc Investors, Inc.; AP  
32 Holdings, Inc.; Fernandez Holdings, Inc.; First Meridian Development, Inc.; Randy  
33 Allied Ventures, Inc.; Rock Steel Resources, Inc.; Roxas Shares, Inc.; San Miguel  
34 Officers Corps., Inc.; Soriano Shares, Inc.; Te Deum Resources, Inc.; Toda  
35 Holdings, Inc.; and Valhalla Properties Limited, Inc.; and

36 (iv) The Converted San Miguel Corporation (SMC) Series 1 Preferred Shares, which  
37 refers to the 753,848,312 preferred shares of stock in SMC declared owned by the  
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40  
41

1 Government, together with all the dividends declared, paid, or issued thereon, as  
2 well as any increments thereto arising from, but not limited to, the exercise of pre-  
3 emptive rights;  
4

5 (c) *Coconut Levy Funds* shall refer to various funds generated from levies, taxes, charges, and  
6 other fees exacted or imposed pursuant to or in connection with the sale of copra *rececada* or its  
7 equivalent in other coconut products, and collected for the most part from coconut farmers,  
8 planters, millers, refiners, processors, exporters, desiccators, and other end-users of copra *rececada* or  
9 its equivalent in other coconut products. Specifically, the term shall refer to any or all of the  
10 funds generated from the following:  
11

- 12 (i) The Coconut Investment Fund created under Republic Act No. 6260, otherwise  
13 known as the 'Coconut Investment Act';
- 14 (ii) The Coconut Consumers Stabilization Fund, later renamed as the Coconut Industry  
15 Stabilization Fund, created under Presidential Decree No. 276;
- 16 (iii) The Coconut Industry Development Fund created under Presidential Decree No.  
17 582; and
- 18 (iv) The Coconut Industry Investment Fund created under Presidential Decree No. 1468;

19  
20 (d) *Designated Disposition Entity* shall refer to Government Financial Institutions (GFIs)  
21 which, at the time of enactment of this Act, are one hundred percent (100%) owned by the  
22 Government, or National Government Agencies (NGAs), which are approved by the Trust Fund  
23 Management Committee, upon recommendation of the Trust Fund Manager, to perform similar  
24 functions as the Bureau of the Treasury (BTr) under Section 13 of this Act.  
25

## 26 II

### 27 COCONUT FARMERS AND INDUSTRY DEVELOPMENT PLAN

#### 28 SEC. 4. *The Coconut Farmers and Industry Development Plan.*

29  
30 A. *Preparation of the Coconut Farmers and Industry Development Plan.* The  
31 utilization of the Trust Fund created under this Act, or any portion thereof, shall be in accordance  
32 with the Coconut Farmers and Industry Development Plan, hereinafter referred to as the Plan,  
33 which shall be prepared by the Philippine Coconut Authority (PCA) and approved by the  
34 President of the Philippines. The Plan shall be subject to mandatory annual review.  
35  
36  
37

38 In the performance of its functions, including the preparation of the Plan, the PCA shall  
39 consult coconut farmers and their organizations, industry associations, civil society organizations,  
40 academe, government agencies concerned, and other stakeholders in the coconut industry. The  
41 Plan shall set the directions and policies for the development and rehabilitation of the coconut  
42 industry within ninety-nine (99) years.  
43

#### 44 B. OBJECTIVES OF THE PLAN

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

- 46 (a) To increase incomes of coconut farmers;
  - 47 (b) To alleviate poverty and promote social equity; and
  - 48 (c) To rehabilitate and modernize the coconut industry towards farm productivity.
- 49  
50

1  
2 **C. COMPONENTS OF THE PLAN**  
3

4 The Plan shall include a national program for:  
5

- 6 (a) Community-based enterprises, including integrated processing of products and downstream  
7 products intended to increase incomes of coconut farmers;  
8 (b) Social protection programs that directly benefit the poor and marginalized coconut farmers,  
9 farmworkers and their families taking into consideration existing social protection programs of the  
10 Government; and  
11 (c) Coconut farmers organization and development.  
12

13 **D. FUNDING OF THE PLAN**  
14

15 The Plan shall provide the criteria for targeting beneficiaries, the indicators in determining  
16 the attainment of the abovementioned objectives, and the mechanisms for monitoring and  
17 evaluating the impact of the different components of the program.  
18

19 The Plan shall provide an indicative funding requirement or allocation for the  
20 implementation of any and all of the programs and projects to be funded by the initial Trust Fund  
21 Principal and the Trust Fund Income, which funding or allocation shall be itemized or broken down  
22 on a project-to-project basis, Provided: That:  
23

- 24 (i) for projects which are recurring, or to be implemented on a regular basis, the allocation  
25 shall indicate the annual amount that may be required to implement said project;  
26 (ii) for projects that are to be implemented or concluded within a period of time, the  
27 allocation shall indicate the total amount that may be required for the implementation of  
28 the whole project, itemized according to the phases or stages of said project; and  
29 (iii) all projects shall be evaluated on the basis of financial returns and increased farmers  
30 income.  
31

32 The Plan shall take into account the annual utilization of the Trust Fund under the following  
33 allocations:  
34

- 35 (a) Shared facilities program, ten percent (10%);  
36 (b) Farm improvement through diversification and/or intercropping such as projects on  
37 livestock, dairy, poultry, coffee, and cacao production, ten percent (10%);  
38 (c) Development of hybrid coconut seed farms and nurseries, to encourage self-sufficiency, ten  
39 percent (10%);  
40 (d) Empowerment of coconut farmer organizations and their cooperatives, ten percent (10%);  
41 (e) Scholarship program, ten percent (10%);  
42 (f) Health and medical program, ten percent (10%);  
43 (g) Credit provision through the Development Bank of the Philippines (DBP) and Land Bank  
44 of the Philippines (LBP), ten percent (10%);  
45 (h) Infrastructure development, ten percent (10%);  
46 (i) Training of farmers in farm schools through the Technological Education and Skills  
47 Development Authority (TESDA), ten percent (10%); and  
48 (j) Planting and replanting, ten percent (10%).  
49

50 **E. APPROVAL OF THE PLAN**

1  
2 Within one hundred twenty (120) days from the effectivity of this Act, the Plan shall be  
3 submitted by the PCA to the President for approval. The PCA shall, within ninety (90) days from  
4 the effectivity of this Act, complete the Coconut Farmers Registry.

5 Prior to the submission of the Plan to the President for approval, the Department of Budget  
6 and Management (DBM), Department of Finance (DOF), Department of Trade and Industry  
7 (DTI), and the National Economic and Development Authority (NEDA) shall provide their  
8 advisory opinions on the following matters:

- 9  
10 (a) Whether the Plan is supportive of and consistent with socio-economic development plans  
11 and oriented towards the achievement of explicit objectives and expected results, to ensure  
12 the effective utilization of Coconut Levy Fund;  
13 (b) Whether the Plan manages Coconut Levy Assets and Funds judiciously and in a manner  
14 supportive of development objectives;  
15 (c) Whether the Plan accelerates and sustains economic growth for the coconut industry;  
16 (d) Whether the Plan is programmed within the context of well-formulated and consistent short,  
17 medium and long-term development plans and policies that will promote both the growth of  
18 the economy and the equitable distribution of the benefits of said growth to various  
19 members of society.  
20

### 21 III

#### 22 PHILIPPINE COCONUT AUTHORITY

23  
24  
25 **SEC. 5. *The Philippine Coconut Authority (PCA).*** The PCA, an independent public  
26 corporation created under Presidential Decree No. 1468, shall be reconstituted and strengthened to  
27 ensure the participation of coconut farmers in the crafting and implementation of the Plan. The  
28 composition of the PCA Board is hereby amended and the same shall now be composed of the  
29 following:  
30

- 31 (a) The Secretary of the Department of Agriculture (DA), as Chairperson;  
32 (b) The Secretary of the Department of Finance (DOF), as Vice Chairperson;  
33 (c) The Secretary of the Department of Budget and Management (DBM);  
34 (d) The Secretary of the Department of Science and Technology (DOST);  
35 (e) The Secretary of the Department of Trade and Industry (DTI);  
36 (f) Three (3) representatives from the coconut farmers sector, one (1) each from Luzon,  
37 Visayas, and Mindanao); and  
38 (g) One (1) representative from the coconut industry sector.  
39

40 Provided, That the representatives from the coconut farmers sector shall be Filipino citizens,  
41 registered with the PCA Coconut Farmers Registry, have considerable experience and reputable  
42 track record in promoting coconut farmers' interest and welfare, and nominated by coconut farmers  
43 organizations or cooperatives that are active in farmer organization and development or community  
44 enterprise development for the past three (3) years. They shall be appointed by the President of the  
45 Philippines from a list of four (4) nominees for each island grouping;  
46

47 Provided, further, That the representative from the coconut industry sector should have  
48 considerable experience and reputable track record in coconut industry enterprise development and  
49 management, and nominated by entities or organization duly registered with or accredited by the  
50 PCA and shall be appointed by the President from a list of five (5) nominees.

1  
2 Provided, however, That any appointment to fill a vacancy in the Board arising from the  
3 death, removal, retirement, or resignation of the appointive members of the Board shall only be for  
4 the unexpired term: Provided, finally, That the term of office of the appointive members of the  
5 Board shall be for one (1) year, unless sooner removed for cause.  
6

7 The *ex officio* members of the Board shall designate their respective permanent alternates  
8 who shall be the next-in-rank officials whose acts shall be considered as the acts of their principals.  
9

10 The government representatives in the reconstituted PCA Board shall coordinate with the  
11 PCA in promulgating a nomination and screening process for the nominees of representatives of the  
12 coconut farmers in consultation with their respective organizations or associations.  
13

14 The PCA shall serve as the Secretariat to the Board. It shall furnish the necessary  
15 administration, secretarial and other support services to the Board and shall also integrate,  
16 coordinate and monitor the implementation of the Coconut Farmers and Industry Development  
17 Plan.  
18

#### 19 **SEC. 6. Coconut Levy Advisory Board**

20 There is hereby created an Advisory Board, to be known as the Coconut Levy Advisory  
21 Board, which shall be composed of representatives from the coconut farmers and their  
22 organizations, industry associations, civil society organizations, academe, and other stakeholders in  
23 the coconut industry. The PCA shall organize the selection of members to the Advisory Board.

24 The Advisory Board shall provide assistance, advice, and expertise to the PCA Board in the  
25 formulation of policies and programs to develop and modernize the coconut industry; and evaluate  
26 its implementation to ensure the efficiency and effectiveness of the programs and projects being  
27 implemented.  
28

### 29 IV

#### 30 **FUTURE RECONVEYANCE OF COCONUT LEVY ASSETS** 31 **AND/OR FUNDS**

32 **SEC. 7. Reconveyance.** Any person having any Coconut Levy Asset and/or Funds in its  
33 administration, authority, custody, or control which have been finally declared by the Supreme  
34 Court as belonging to the Government, shall perform or cause the performance of the following:  
35  
36

- 37  
38 (1) Reconvey title to the Republic of the Philippines;  
39 (2) Deliver all stock certificates and other evidence of ownership to the BTr for safekeeping;  
40 and  
41 (3) Transfer all cash Coconut Levy Assets to the Trust Fund;  
42

43 Provided, That no temporary restraining order (TRO) or any injunction order can be issued  
44 except by the Supreme Court.  
45

46 The Commission on Audit (COA), in coordination with the Presidential Commission on  
47 Good Government (PCGG), shall conduct an inventory and audit to determine compliance with

1 pertinent laws, rules and regulations on the reconveyance of the Coconut Levy Assets and/or Funds  
2 to the Republic.  
3

4 V

5 **COCONUT FARMERS AND INDUSTRY TRUST FUND**  
6

7 **SEC. 8. *The Coconut Farmers and Industry Trust Fund.*** There is hereby created a Trust  
8 Fund to be known as the 'Coconut Farmers and Industry Trust Fund,' hereinafter referred to as the  
9 'Trust Fund,' which shall be capitalized, managed, invested, utilized, and accounted for in the  
10 manner provided in this Act.  
11

12 The Trust Fund shall be maintained in such manner for ninety-nine (99) years under the  
13 Plan to be formulated under Section 4 of this Act, and shall be used exclusively for the ultimate  
14 benefit of the coconut farmers and for the development of the coconut industry.  
15

16 **SEC. 9. *Nature and Capitalization of the Trust Fund.*** The Coconut Farmers and Industry  
17 Trust Fund is separate and distinct from the regular funds appropriated to the PCA through the  
18 annual General Appropriations Act (GAA). As such, the PCA shall continue to pursue its mandate  
19 of implementing programs and projects from the regular GAA appropriations and from funds under  
20 the Trust Fund.  
21

22 The proceeds from the redemption of the Converted SMC Series 1 Preferred Shares,  
23 dividends declared, paid, or issued on the Converted SMC Series 1 Preferred Shares, and all income  
24 or interest derived therefrom as of the effectivity of this Act, and any other cash Coconut Levy  
25 Asset, that are held by the BTr as a special account in the General Fund and as an escrow account,  
26 and cash held by UCPB as administrator of the CIIF, shall form part of the initial Trust Fund  
27 Principal of the Trust Fund.  
28

29 For this purpose, any provision of law to the contrary notwithstanding, all government  
30 agencies holding Coconut Levy Funds and/or assets shall transfer any and all monies to the Trust  
31 Fund within a period not exceeding five (5) years from the effectivity of this Act. Immediately  
32 upon the enactment of this Act, the BTr shall transfer Five Billion Pesos (P5,000,000,000.00) to a  
33 separate Trust Fund Account.  
34

35 The Trust Fund shall thereafter be augmented with the proceeds of privatization or  
36 disposition of the Coconut Levy Assets remitted directly thereto by the BTr, Privatization and  
37 Management Office (PMO), or other Designated Disposition Entities in accordance with this Act,  
38 including any and all forms of income, interests, earnings, yields, or any monetary benefit derived  
39 prior to the privatization or disposition of any of the Coconut Levy Assets, and any and all forms of  
40 income, interests, earnings, yields, or any monetary benefit derived from retained Coconut Levy  
41 Assets.  
42

43 Any amount of the Trust Fund income above the annual inflation rate shall be available for  
44 disbursement by the PCA, which shall be utilized in accordance with the development plan for a  
45 period of ninety-nine (99) years or until the Fund is fully utilized or its purpose fulfilled, whichever  
46 comes earlier: Provided, That the amount in the Trust Fund account for disposition by the PCA  
47 under the development plan shall not be lower than Five Billion Pesos (Php 5,000,000,000.00) for  
48 any given year: Provided, however, that any unexpended portion of the said fund by the end of  
49 each year shall be reverted to the Trust Fund.  
50

1           **SEC. 10. Utilization of the Trust Fund.** The utilization of the Trust Fund or any portion  
2 thereof shall be in accordance with the Plan as provided in Section 4 of this Act, Provided, That for  
3 purposes of the implementation of the Plan, for the execution of programs and projects identified in  
4 the Plan that are allowed to be funded out of the Trust Fund, pending the accrual or availability of  
5 the Trust Fund Income, and subject to annual governmental audit, an initial allocation of Five  
6 Billion Pesos (P5,000,000,000.00) shall be available to the PCA, which shall include disbursements  
7 for the formulation of the Plan.

8  
9           In the utilization of the Trust Fund, the PCA shall have the following powers and functions:

- 10  
11       (a) Approve disbursements from the Trust Fund including the funding for:  
12           (i) the formulation of the Plan; and  
13           (ii) the disbursements in accordance with the Plan.  
14       (b) Issue policies, rules and guidelines as may be necessary to implement the provisions of this  
15           Act.  
16

17           **SEC. 11. Creation of a Trust Fund Management Committee.** There is hereby created a  
18 Trust Fund Management Committee, which shall be composed of authorized representatives of the  
19 Department of Finance (DOF), Department of Budget and Management (DBM), and Department of  
20 Justice (DOJ). The Trust Fund Management Committee shall be responsible for setting the  
21 Investment Strategy of the Trust Fund; and pursuant thereto, shall perform, among others, the  
22 following activities:  
23

- 24       a.     Setting of investment priorities;  
25       b.     Setting of investment themes;  
26       c.     Evaluation of assets to determine portfolio size;  
27       d.     Setting of asset allocation;  
28       e.     Setting of policies with respect to particular asset types;  
29       f.     Guidelines for portfolio turnover;  
30       g.     Guidelines for Trust Fund Management Expenses;  
31       h.     Set the annual allocation of the Trust Fund available for disbursement to the PCA;  
32       i.     Approval of the financial requirements of Designated Disposition Entities in relation to  
33           its functions set forth under this Act, including its annual budget for operations,  
34           management, and privatization/disposition of Coconut Levy Assets and/or Funds  
35           transferred and entrusted in its care;  
36       j.     Designation of alternative Designated Disposition Entities as defined in Section 3 of  
37           this Act; and  
38       k.     Other guidelines as may be necessary to fulfill its mandate under this Act.  
39

40           The BTr shall act as the Trust Fund Management Committee Secretariat and shall maintain  
41 records and accounts of all investments, receipts, disbursements, and other transactions relating to  
42 the management, administration, and utilization of the Trust Fund: Provided, That these records and  
43 accounts shall be maintained in accordance with existing accounting and auditing laws, rules and  
44 regulations, and shall be audited by the Commission on Audit (COA).  
45

46           For the above purposes, an amount of one-half of one percent of the Trust Fund Principal  
47 shall be utilized as Trust Fund Management Expense, which shall be sourced from the Trust Fund.  
48 The Trust Fund Management Expense shall answer for all expenses directly incurred in the  
49 management of the Trust Fund, including transaction fees, redemption fees, placement fees,  
50 investment fees, transaction costs, and other operating expenses.



1  
2 **SEC. 12. Designation of DOF as Trust Fund Manager.** The DOF is hereby designated as  
3 Manager of the Trust Fund. As Manager, it shall be responsible for implementing the Investment  
4 Strategy set by the Trust Fund Management Committee and managing the portfolio of the Trust  
5 Fund.  
6

7 As Trust Fund Manager, the DOF shall have the following functions:  
8

- 9 a. Monitor market and economic trends and track securities in order to make informed  
10 investment decisions;  
11 b. Recommend its portfolio strategy to the Trust Fund Committee;  
12 c. In managing the portfolio, track financial results of the companies in the portfolio and its  
13 various metrics, such as price-to-earnings ratios, inflation-adjusted return, sales, earnings,  
14 and dividends; and  
15 d. Recommend to the Trust Fund Committee the designation of alternative Designated  
16 Disposition Entities defined in Section 3 of this Act; and  
17 e. Perform other acts necessary to fulfill its mandate under this Act.  
18

19 **SEC. 13. Management and Custodianship of the Trust Fund.** Any law to the contrary  
20 notwithstanding, the BTr is hereby designated as the depository of the Trust Fund. As depository,  
21 the BTr shall perform the following functions:  
22

- 23 a. Hold, account, and collect on a timely basis all income and other payments with respect to  
24 securities and other assets to which the Trust Fund shall be entitled to in the manner set  
25 forth by the DOF as Trust Fund Manager;  
26 b. Release and deliver out securities and other assets of the Trusts Fund upon receipt of proper  
27 instructions from the Trust Fund Manager, specifying the securities or assets to be delivered  
28 out and the person or persons to whom the delivery is to be made;  
29 c. Release funds directly for the implementation of projects as instructed by the PCA pursuant  
30 to the implementation of the Plan as approved by the President under Section 4 of this Act;  
31 and  
32 d. Perform any act as may be directed by the Trust Fund Manager in accordance with the  
33 Investment Guidelines set forth by the Trust Fund Committee.  
34

35 All cash Coconut Levy Assets shall be invested in Philippine government securities and  
36 other securities guaranteed by the National Government. The BTr may hold, manage and invest  
37 non-cash Coconut Levy Assets, only upon approval of the DOF. Any income, earning or interest  
38 obtained from said investments shall be deposited to the Trust Fund Account.  
39

40 The Trust Fund Management Committee may designate alternative Designated Disposition  
41 Entities as defined in Section 3 of this Act.  
42

43 The Trust Fund Management Committee shall draft the rules and to implement Sections 9  
44 to 11 of this Act.  
45

46 VI  
47

48 **DISPOSITION OF NON-CASH COCONUT LEVY ASSETS**  
49

1           **SEC. 14. *Disposition of Non-Cash Coconut Levy Assets.*** Pursuant to the mandate and the  
2 direction and policies set by relevant regulatory agencies, Coconut Levy Assets defined in Section  
3 3 hereof, which are assigned by the Trust Fund Management Committee to Designated Disposition  
4 Entities, shall be privatized or disposed subject to the regulatory approvals as required by law.  
5

6           This Act shall in no case exempt the Coconut Levy Assets from the respective jurisdictions of  
7 the various applicable regulators, particularly the Privatization and Management Office (PMO), the  
8 *Bangko Sentral ng Pilipinas* (BSP), the Philippine Deposit Insurance Corporation (PDIC), and the  
9 Insurance Commission (IC).  
10

11           **SEC. 15. *Additional Mandate of Designated Disposition Entities.*** In addition to its powers,  
12 duties and functions, the Designated Disposition Entities as may be assigned by the Trust Fund  
13 Management Committee shall, for and in behalf of the National Government, take title to and  
14 possession of, conserve, provisionally manage, and dispose the Coconut Levy Assets which have  
15 been identified for privatization and disposition.  
16

17           Subject to the approval of the Trust Fund Management Committee, the Designated  
18 Disposition Entities are hereby empowered to:  
19

- 20           (i)     Implement the marketing and disposition program of the Coconut Levy Assets and/or  
21                 Funds;
- 22           (ii)    Execute and deliver, on behalf of the National Government, deeds of sale, contracts,  
23                 trust instruments, and other legally operative documents as may be necessary or  
24                 appropriate to convey title to, take possession of, and conserve, such assets;
- 25           (iii)   Engage external expertise as may be necessary in the fulfillment of its tasks under this  
26                 Act; and
- 27           (iv)    Adopt internal rules and regulations in relation to the marketing and disposition of the  
28                 Coconut Levy Assets and/or Funds.  
29

30           The Designated Disposition Entities shall prepare the disposition plans and policies for the  
31 Coconut Levy Assets transferred to it. They are empowered to enter into sales through public  
32 bidding, negotiated sale, lease, or any form of divestment or transmission of rights over the  
33 Coconut Levy Assets and/or Funds, including a partnership with the private sector in the  
34 management or operation of these Coconut Levy Assets and/or Funds prior to actual sale or  
35 disposition in accordance with the Investment Guidelines approved by the Trust Fund Management  
36 Committee.  
37

38           Prior to the implementation of any disposition plan for corporations to be transferred to it,  
39 the Disposition Entities may recommend the following:  
40

- 41           a.     Require any of the subject corporations to adopt and implement cost-reduction  
42                 measures to enhance the viability, and therefore the disposability of such  
43                 corporations, to potential buyers, including measures requiring personnel  
44                 retrenchment or other forms of corporate downsizing;  
45
- 46           b.     Direct any of the subject corporations to submit to the Disposition Entity, within  
47                 fixed time-tables, such reports and information as the Disposition Entity may require  
48                 in the exercise of its ownership, administration, and disposition over such  
49                 corporations or their assets; and  
50

1 c. Cause the subject corporations to undergo rehabilitation, merger, consolidation,  
2 spin-off, or other corporate acts of reformatory nature as it may deem necessary or  
3 desirable to expedite the disposition and privatization under this Act.  
4

5 Any of the above-enumerated, as well as the final disposition of such assets, shall be subject  
6 to the approval of the Trust Fund Management Committee.  
7

8 **SEC. 16. Remittance of Proceeds of Privatization.** Any provision of law to the contrary  
9 notwithstanding, all proceeds or receipts from the sale of Coconut Levy Assets and/or Funds,  
10 except portions thereof for reimbursable custodianship and operational expenses, or such amount  
11 approved by the Trust Fund Management Committee to be retained by the Designated Disposition  
12 Entity, shall be remitted to the Trust Fund.  
13

14 **SEC. 17. Reporting Requirements.** The Trust Fund Management Committee shall, on a  
15 semi-annual basis, submit to the President a report on the status of disposition of the Coconut Levy  
16 Assets, which shall include a description of the individual assets disposed of, their purchasers, the  
17 consideration received, and the agreed terms of payment.  
18

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

## 25 VII

### 26 FINAL PROVISIONS

27  
28  
29  
30 **SEC. 18. Suppletory Application of Republic Act No. 10149.** The provisions of Republic  
31 Act No. 10149, otherwise known as the "GOCC Governance Act of 2011, insofar as they are not  
32 inconsistent with the provisions of this Act, shall apply suppletorily.  
33

34 **SEC. 19. Separability Clause.** If any provision of this Act is declared invalid or  
35 unconstitutional, the other provisions not affected by such declaration shall remain in full force and  
36 effect.  
37

38 **SEC. 20. Repealing Clause.** All laws, executive orders, administrative orders, and rules and  
39 regulations inconsistent with this Act are hereby repealed or amended accordingly.  
40

41 **SEC. 21. Effectivity.** This Act shall take effect fifteen (15) days after its publication in the  
42 Official Gazette or in two (2) newspapers of general circulation.  
43

44 Approved,