

# [ REPUBLIC ACT NO. 11524, February 26, 2021 ]

## **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.

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#### 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-cultivation); 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) An leaseholder with not more than five (5) hectares or tenant who tills or supervise 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.; Graneexport Manufacturing Corp.; and Legaspi Oil Co., Inc.;

(iii) The CIIF Holdings Companies, which refer to the fourteen (14) holdings 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 758,848,312 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-user 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 the enactment of this Act, are one hundred percent (100%) owned by the government.

## 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 stockholders 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 stage 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 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 coconut 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: DOST-PCAARRD, TESDA, ATI, NDA, PhilMech, CDA, LBP, DBP, CHED, STI, 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 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;