

[REPUBLIC ACT NO. 2282, June 19, 1959]

AN ACT TO PROMOTE THE DEVELOPMENT OF THE COCONUT INDUSTRY

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

SECTION 1. It is declared to be a national policy to promote to the fullest extent possible the rapid development of the coconut industry by providing for an adequate financing of coconut cooperatives and coconut producers.

SEC. 2. To implement the policy declared in this Act there is hereby created a Coconut Financing Fund which shall be deposited with and administered by the Development Bank of the Philippines and which shall be constituted, either (a) by an amount not exceeding thirty million pesos out of the sale of bonds which shall be issued by the President of the Philippines upon recommendation of the National Economic Council, or (b) by the sum of thirty million pesos which is hereby appropriated out of any funds in the National Treasury not otherwise appropriated, ten million pesos of which shall be made available within one year after the approval of this Act and five million pesos made available every year thereafter until the full amount of thirty million pesos is totally released.

The Secretary of Finance shall prescribe the form, the rates of interest, the denominations, maturities, negotiability, convertibility, call and redemption features, and all other terms and conditions of issuance, placement, sale, servicing, redemption and payment of all bonds issued under the authority of this Act.

SEC. 3. A sinking fund shall be established in such a manner that the total annual contributions thereto, accrued as at such rate of interest as may be determined by the Secretary of Finance, shall be sufficient to redeem at maturity the bonds issued under this Act. Said fund shall be under the custody of the Central Bank of the Philippines which shall invest it in such manner as the Monetary Board may approve, and the said Bank shall charge all expenses of such investment to said fund, and shall credit the same with the interest on investments and other income belonging to it.

SEC. 4. The Coconut Financing Fund shall be a revolving fund and shall be used by the Development Bank of the Philippines solely to grant loans, with interest at the rate of two per cent annually, for financing capital requirements of coconut farmers and coconut cooperatives duly registered in the Securities and Exchange Commission.

The loans to coconut cooperatives shall be for providing initial capital thereof; for meeting the long-term needs for the financing of replanting programs; for industrialization and standardization of coconut products, wastes and by-products;