



'16 NOV 10 AM 11:41

SENATE  
P.S. Res 233

REF ID:

BY: 

---

Introduced by Senator Poe

---

**RESOLUTION**  
**DIRECTING THE SENATE COMMITTEE ON AGRICULTURE AND FOOD TO**  
**CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED**  
**IMPROPER UTILIZATION OF COCO LEVY FUNDS**

**WHEREAS**, the 1987 Philippine Constitution, Article 2, Section 7 states, “The State shall promote social justice in all phases of national development”;

**WHEREAS**, Section 21 of the same Article states, “The State shall promote comprehensive rural development and agrarian reform”;

**WHEREAS**, in 6 July 2016, the *Manila Times*, in its opinion column,<sup>1</sup> alleged that around Php 74.3 billion of coco levy funds were transferred to the Bureau of Treasury (BTr), which is against the decision of the Supreme Court that the funds should be deposited with either the Land Bank of the Philippines, the Development Bank of the Philippines, or the United Coconut Planters Bank;

**WHEREAS**, in the case of *Coconut Farmers Federation (COCOFED), Et. Al. vs. Republic of the Philippines*,<sup>2</sup> the Supreme Court declared that coco levy funds are owned by the government to be used only for the benefit of all coconut farmers and for the development of coconut industry;

**WHEREAS**, in its Resolution<sup>3</sup> dated 4 September 2012 the Supreme Court ordered the Escrow Account to be in the name of “PCGG in trust for CIIF 14 Holding Companies;”

**WHEREAS**, a month later, on 5 October 2012, the government through the Presidential Commission on Good Government (PCGG) reportedly caused the transfer of checks from San Miguel Corporation representing the proceeds of the redemption price of,

---

<sup>1</sup> “Make clean break with previous illegal practices, coco farmers ask Digong”. *The Manila Times*. 6 July 2016. <http://www.manilatimes.net/make-clean-break-with-previous-illegal-practices-coco-farmers-ask-digong/272136/> Accessed 6 October 2016.

<sup>2</sup> G.R.Nos.177857-58 and G.R. No.178193, 24 January 2014.

<sup>3</sup> G.R. 178193, 4 September 2012.

and dividends that had accrued on, the Coconut Industry Investment Funds (CIIF) Block of SMC Shares to the Bureau of Treasury (BTr);

**WHEREAS**, of the Php 70.6 Billion funds, only Php 14.2 Billion remained with the UCPB;

**WHEREAS**, on 9 January 2013, the BTr, through Deputy Treasurer Christine Sanchez, submitted a statement of PCGG Escrow Account (Coconut Industry Investment Fund) as of 30 November 2012, which included the after Net Interest Earned and subtracting a two percent "Management Fee";

**WHEREAS**, at that time, Php 56.4 Billion of the coco levy were with the BTr while Php 14.2 Billion were with the UCPB for a Subtotal of Php 70.6 Billion; with earnings the coco levy funds reached a grand total of Php 74.3 Billion;

**WHEREAS**, in March 2015, the President issued Executive Orders Nos. (EO) 179 and 180, governing the utilization of coco levy funds;

**WHEREAS**, under both EOs, the multi-billion peso coco levy assets shall be transferred to the government to be utilized for the Integrated Coconut Industry Roadmap;

**WHEREAS**, pursuant to both EOs, the PCGG, in 30 April 2015, released an order to UCPB "*to release, transfer, and deposit to the BTr all monies pertaining to SMC dividends and all interests, income, profits, and earnings derived therefrom specifically the fund balance under Escrow Account No. 10-2533 and IMAQ Account No. 11-3565;*" thus, the remaining monies with the UCPB were transferred to the BTr;

**WHEREAS**, in June 2015, the Supreme Court issued a Temporary Restraining Order (TRO) against the government from utilizing the fund through the EOs 179 and EO 180<sup>4</sup>;

**WHEREAS**, according to the *Manila Times* column, the funds, which are now commingled with the common fund of the government, could be vulnerable to misuse, abuse, and misappropriation;

**WHEREAS**, there is an urgent need to constitute by law the coconut levy funds and assets into a Coconut Industry Trust Fund, and provide, also by law, the administrative structure that will manage the trust funds and ensure that its use will develop the coconut industry to the benefit of the coconut farmers;

**WHEREAS**, a mere committee to control the funds can easily be subject to the vagaries of partisan politics; thus, the legislature should study creating a corporation that is

---

<sup>4</sup> ABS-CBN news online, "SC issues TRO on PNoy orders on coco levy fund". <http://news.abs-cbn.com/business/06/30/15/sc-issues-tro-pnoy-orders-coco-levy-funds>. Accessed 6 October 2016.

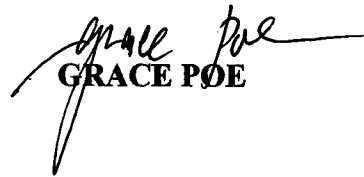
government-controlled, but held in majority by elected representatives of all the coconut farmers;

**WHEREAS**, it is also imperative for the Commission on Audit to audit the funds transferred to the BTr, and government officials involved in the transfer of coco levy funds to the BTr, contrary to the Supreme Court decision, should be held responsible and accountable;

**WHEREAS**, at the very least, the government should also direct the PCGG to release in various national newspapers the complete list of coco levy assets and the updated statements from the BTr of the coco levy funds, in accordance with the Constitution, Article 2, Section 28, which provides: "...the State adopts and implements a policy of full public disclosure of all its transactions involving public interest";

**BE IT RESOLVED, AS IT IS HEREBY RESOLVED**, by the Senate of the Philippines, to direct the appropriate Senate committee to conduct an inquiry, in aid of legislation, on the reported improper utilization of coco levy funds.

*Adopted,*

  
**GRACE POE**