

**Position Paper of the Coalition for Agriculture Modernization in the Philippines, Inc. (CAMP) on the Coconut Levy Fund submitted to the Philippine Senate on September 1, 2016. Refers to: An Act Establishing the Coconut Farmers Trust Fund and Providing for its Management and Utilization or more briefly, Coconut Farmers and Coconut Industry Development Act.**

**Background and Plea:**

Before the imposition of Martial Law, leaders of the coconut sector, one of the nation's largest foreign exchange earners at that time which provided livelihood for almost one third of the national population, lobbied successfully for a congressional act, RA No. 6260, to impose a 55 centavo levy on every 100 kilograms of copra sold by coconut farmers. When martial Law was declared, a series of presidential decrees, namely, P.D. No. 232, P.D. No. 276, P.D. 414, P.D. No. 514, D.D. 582, P.D. No. 623, P.D. No. 623, P.D. No. 755, P.D. No 961, P.D. No. 1234, P.D. No. 1468, L.O. No. 926, P.D. No. 1699 and P.D. No. 1841 were issued with the levy serially increased. Before the levies were terminated, the levy had ballooned to P100 per 100 kilograms of copra.

On July 29, 1975 P.D. No. 755 empowered the Philippine Coconut Authority to acquire the United Coconut Planters Bank as a solution to the credit problems of the coconut industry. Section 2 of that presidential decree stated that levies authorized by P.D. No. 232, as amended, and 50% of the collections under the Coconut Industry Development Fund shall be deposited, interest free, with the said bank until certain objectives were met.

Levies collected from 1972 to 1982 allegedly totaled P9.7 billion pesos. If the value of the coconut levies were correlated to the minimum wage, consider the following. The minimum wage in 1970 (R.A. 6129) was P8.00 pesos per day and rose to P18.00 per day by January 1981 (P.D. No. 1751). Since the minimum wage at present ranges from a low of P233 per day to a high of P454 per day for plantation workers, simple calculations will show that the value of the collected levies today will range from P125 billions to P550 billions.

That the funds collected from resource-poor farmers bore no interest is bad enough. That coconut farmers and the coconut industry will not be likely to get back a commensurate value for what was taken from them is not a welcome notion. That decades after the collection of the levies, coconut farmers remaining among the most numerous of the poor and with the coconut industry lagging behind countries which have nurtured their coconut industries painfully underscore the need for a speedy closure of the Coconut Levy Fund issue, preferably through binding legislation.

**Salient Points:**

**Definition of Coconut Farmers:**

Coconut farmers refer to farmer-owners in coconut tracts of land of no more than 5 hectares who may or may not directly till the land but who have control and who supervise the said tract of land.

Non-owners of the coconut farm who lease and till or supervise the cultivation of the coconut farm and farm workers and/or laborers, whether seasonal or itinerant, engaged as their major form of

livelihood, in the growing, harvesting of coconuts and processing of the products derived from the coconut,

### **Audit and Inventory of Coconut Levy Assets**

The Commission on Audit, in coordination with the Philippine Commission on Good Government (PCCG), shall conduct a complete accounting and inventory of the Coconut Levy Assets. In previous Senate hearings regarding the Coco Levy Funds which took place about one year or so ago, a spokesperson from either the Commission on Audit or PCCG said at one hearing that only about one more month was needed to be able to deliver a report. An audit, therefore, should involve updating and not take that much more time.

### **Repository of the Trust Fund**

Once the Commission on Audit accounts for and reports the CLF funds and assets and the Trust Fund Committee approves, to prevent intermingling of the CLF with general government funds, the CLF will be apportioned among Landbank and two or more large private commercial banks.

### **Duration of Coconut Farmers and Coconut Industry Development:**

Since the Coconut Levy Funds (CLF) were obtained from the coconut farmers and coconut industry, there is no reason that any of the funds shall revert to the government after passage of any time period. The CLF must remain in perpetuity. Only interest earned or any other income earned from the CLF will be utilized.

### **Composition of the Trust Fund Committee**

The composition of the Trust Fund Committee will be as follows:

Office of the President

Secretary of Agriculture

Secretary of Finance

Director General of the National Economic Development Authority

Secretary of the National Anti-Poverty Commission

Six representatives from farmers' organizations who have had validated experience in the coconut industry and who have reputable track records

Two representatives from the finance and banking sector

Two representatives from civil society and Non-Government Organizations which focus on uplifting the small coconut farmers and improving the coconut industry

Committee members from the non-government sector are to be identified by the Secretary of the National Anti-Poverty Commission with assistance from the Philippine Coconut Authority.

### **Tenure of Non Government Committee Members**

Three years plus no more than one reappointment

### **Functions and Responsibilities of the Trust Fund Committee**

Among the functions and responsibility of the Trust Fund Committee will be to set the investment and asset management policy of the Trust Fund. In other words, the Trust Funds Committee will decide as to how to manage the Trust Funds.

### **Creation of a Coconut Farmers and Industry Development Plan**

There is no need to re-create a Coconut Farmer and Industry Development plan since the PCA has held many consultations with coconut farmers and coconut industry leaders. Immediately upon its creation, the Trust Fund Committee needs to coordinate with PCA to determine if a viable plan already exists. Only if the Committee determines that there is need for an upgraded development plan will the Committee then set forth measures to augment the existing development plan.

### **Utilization of the Trust Fund**

The Trust Fund will be utilized to directly improve the lives of coconut farmers and to upgrade the coconut industry. It will not be used to meet needs already provided for by other agencies, e.g., the provision of farm to market roads, expenditures for research and development and similar activities. Funds for these types of activities have already been earmarked for funding by other relevant government agencies. The Trust Funds will certainly not be used for activities not directly affecting the lives of coconut farmers or the uplifting of the coconut industry.