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SENATE
P.S. Resolution 637

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Introduced by Senator Cynthia A. Villar

RESOLUTION

URGING THE SENATE COMMITTEE ON AGRICULTURE AND FOOD TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, TO DETERMINE, THE SOUNDNESS OF THE IMPLEMENTATION OF THE AGRICULTURAL COMPETITIVENESS ENHANCEMENT FUND OR ACEF BY THE DIFFERENT GOVERNMENT AGENCIES UNDER RA 10848 TO PROMOTE THE COMPETITIVENESS OF OUR FARMERS AND FISHERFOLKS IN THE ADVENT OF THE ASEAN INTEGRATION

WHEREAS, the Agricultural Competitiveness Enhancement Fund or ACEF was established as a funding facility in 1999 in order to support the farmers and the fisherfolks that will be affected by the trade liberalization policies of government as the country became a member of the World Trade Organization (WTO).

WHEREAS, the ACEF enabling law was RA 8178 or the Agricultural Tariffication Act. The ACEF came from duties collected from the importation of agricultural products under the Minimum Access Volume committed under the WTO, replacing the Quantitative Restrictions or QR. The funds entire proceeds was intended to be earmarked by Congress for irrigation, farm-to-market road, post harvest facilities, credit, research and development, retraining, extension services and marketing infrastructure for the agricultural sector. (1)

WHEREAS, the ACEF was given nine (9) years to exist (1996-2005). It is deposited in a special account with the Bureau of Treasury called Special Account 183. ACEF made credit available to small farmers, fisherfolks and agripreneurs, collateral free which the regular credit windows do not provide. It was given to support selected agricultural products to make them sustainable and competitive.

1. Republic Act No. 8178, s. 1996 | Official Gazette of the Republic of the ...www.officialgazette.gov.ph/.../republic-act-no-8178-s-1996

WHEREAS, it was only in 1999 when the fund was made available but it was first used not for its original purpose but for the national budgetary support. Collection for 1996-1998 went to the General Fund because there was no special account to credit the same. ACEF was extended in 2007 up to 2015 under RA 9496, "An Act to Extend the Utilization Period of the ACEF" and by RA 10848, "An Act further extending the period of implementation of the ACEF until 2022". (2)

WHEREAS, in January 2016, as the Senate passed the new ACEF bill which incorporates new reforms that will address the reasons why ACEF had failed to deliver on its promised objectives. It included the implementation of stricter guidelines to make sure that only legitimate farmers and fisherfolk will have access to the funds. The intention was to ensure that the projects that will be funded by the ACEF will really enhance the competitiveness of target project beneficiaries or sectors. (3)

WHEREAS, the current extension law states that, 80% of the fund would be set aside as loan to micro and small entrepreneurs with minimal interest to make them competitive. The maximum amount is Php5Million for cooperatives and associations and Php1 Million for individuals the purpose of which is for the acquisition and establishment of agri-based production and post production and procession, machineries, equipment and facilities to achieve modern agriculture practices.

WHEREAS, the 10% shall go to research and development of agriculture and fisheries products and the commercialization of such including the upgrading of research facilities of qualified State Colleges and Universities which shall not exceed Php 5Million per project and the remaining 10% shall be for a comprehensive and attractive grants-in-aid in agriculture, forestry and fisheries, veterinary medicine education to be implemented by the Commission on Higher Education (CHED) to promote the development of the sector.

WHEREAS, the law created an ACEF Executive Committee which is composed of the Secretary of Agriculture as chair and the President of the Land Bank of the Philippines, the Chairperson of the Commission on Higher Education, a representative of farmers association and cooperatives and a representative of fisherfolks associations and

(2) Republic Act No. 10848 | Official Gazette of the Republic of the ...www.officialgazette.gov.ph/2016/05/23/republic-act-no-10848/

(3) http://www.senate.gov.ph/press_release/2016/0118_prib2.asp

cooperatives as members. The Committee shall promulgate the policies and guidelines necessary for the planning, administration, coordination and monitoring of the utilization of the Fund.

WHEREAS, the Congressional Oversight Committee on Agricultural and Fisheries Modernization (COCAFAM) is mandated to conduct a periodic review of the use of the fund.

WHEREAS, the law also provides that within one hundred twenty days from its approval, the following reports shall be submitted to the ACEF Executive Committee and the COCAFAM: a) Bureau of Customs – duties collected from the MAV mechanism for the period 2009-2015; b) Bureau of Treasury- funds remitted and credited to ACEF (Special Account 183) and the DBM –ACEF funds released to the Department of Agriculture for the period 2009-2015.

WHEREAS, in Sec. 8-B. Inventory and Collection of ACEF Loans. The ACEF Executive Committee is mandated to conduct a complete accounting and inventory of the ACEF Loan portfolio within one hundred days upon the effectivity of RA 10848. It took effect on May 23, 2016.

WHEREAS, it likewise mandated the Commission on Audit (COA) shall conduct, within the same period, a full audit and report the status of ACEF grants and loans extended for the period 2000 to 2011. The COA report and the loan portfolio report shall be transmitted by the ACEF Executive Committee to the Office of the Solicitor General (OSG), which shall exhaust all legal remedies to exact collection of all ACEF past due accounts and liquidation of all grants. The OSG is hereby allowed to charge reasonable fees for its legal services and collection efforts from the actual collections of outstanding ACEF loans. The remaining amount collected shall be remitted to the ACEF and shall be utilized based on the provisions of this Act. The OSG shall submit every six (6) months, a collection performance report to the ACEF Executive Committee and the COCAFAM.

WHEREAS, almost two years has passed and the program is still frozen, unused and unavailed of by the sector that needs to be assisted the most to become globally competitive, let alone for our country's food security and for poverty alleviation of our farmers and fisherfolks. We need now more than ever to intensify the preparedness of our agriculture sector to be able to compete.

NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, by the Senate of the Philippines, to urge the Senate Committee on Agriculture and Food to conduct an inquiry, in aid of legislation, to determine the effectiveness and diligence of the Department of Agriculture, the Land Bank of the Philippines, the Commission on Higher Education, who are all members of the ACEF Executive Committee and the Commission on Audit, the Department of Budget and Management, the Office of the Solicitor General (OSG), the Bureau of Customs and the Bureau of Treasury to report on their responsibility as contained in the extended ACEF Law or Republic Act 10848.

Adopted.



CYNTHIA A. VILLAR