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SENATE

COMMITTEE REPORT NO. 251

RECEIVED BY: *J*

Prepared and submitted jointly by the Committees on Agriculture and Food, and Finance on
SEP 15 2015

Re: Senate Bill No. 2951

Recommending its approval in substitution of Senate Bill Nos. 2131, taking into consideration Proposed Senate Resolution Nos. 495, 549 and 1452

Sponsor: **Senator Villar**

Mr. President:

The Committee on Agriculture and Food, jointly with the Committee on Finance, to which were referred **Senate Bill No. 2131**, authored by **Sen. Recto**, entitled:

**“AN ACT
TO EXTEND THE UTILIZATION PERIOD OF THE AGRICULTURAL
COMPETITIVENESS ENHANCEMENT FUND, AMENDING FOR THE
PURPOSE REPUBLIC ACT NO. 8178, AS AMENDED ENTITLED “AN ACT
REPLACING QUANTITATIVE IMPORT RESTRICTIONS ON
AGRICULTURAL PRODUCTS, EXCEPT RICE, WITH TARIFFS,
CREATING THE AGRICULTURAL COMPETITIVENESS ENHANCEMENT
FUND AND FOR OTHER PURPOSES”**

Proposed Senate Resolution No. 495, authored by **Sen. Recto**, entitled:

**“A RESOLUTION
DIRECTING THE SENATE COMMITTEE ON AGRICULTURE TO
CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE
AGRICULTURAL COMPETITIVENESS ENHANCEMENT FUND,
REVIEWING THE PROGRAM IMPLEMENTATION AND PROVIDING
REMEDIAL MEASURES, WITH THE END IN VIEW OF ENSURING THAT
FARMERS RECEIVE THE INTENDED BENEFITS”**

Proposed Senate Resolution No. 549, authored by **Sen. Poe**, entitled:

**“RESOLUTION
DIRECTING THE APPROPRIATE SENATE COMMITTEES TO
INVESTIGATE, IN AID OF LEGISLATION, THE UTILIZATION OF THE
AGRICULTURAL COMPETITIVENESS ENHANCEMENT FUND (ACEF),
THE DEPARTMENT OF AGRICULTURE’S NON-COLLATERAL CREDIT
PROGRAM, IN THE LIGHT OF THE REPORTED NON-IMPLEMENTATION
OF ITS MEANINGFUL INTENTIONS AND SUPPOSED RATIONALE WITH
THE END IN VIEW OF INSTITUTING MECHANISMS TO ASSIST AND
HELP THE COUNTRY’S POOR FARMERS”**

and Proposed Senate Resolution No. 1452, authored by Sen. Villar, entitled:

**“RESOLUTION
DIRECTING THE SENATE COMMITTEE ON AGRICULTURE AND FOOD
TO INVESTIGATE, IN AID OF LEGISLATION, THE CURRENT STATE OF
ACEF SCHOLARSHIP PROGRAM IN LIGHT OF REPORTS AND
COMPLAINTS THAT THE STUDENTS WHO APPLIED FOR
SCHOLARSHIP GRANTS IN SCHOOL YEAR 2014 – 2015 HAVE NOT
BEEN PAID THEIR SCHOLARSHIP ENTITLEMENTS BY GOVERNMENT”**


have considered the same and have the honor to report back to the Senate with the recommendation that the attached bill, Senate Bill No. 2951, entitled:

**“AN ACT
AMENDING THE PERIOD OF COLLECTION AND UTILIZATION OF THE
AGRICULTURAL COMPETITIVENESS ENHANCEMENT FUND (ACEF),
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8178, AS
AMENDED, OTHERWISE KNOWN AS “AN ACT REPLACING
QUANTITATIVE IMPORT RESTRICTIONS ON AGRICULTURAL
PRODUCTS, EXCEPT RICE, WITH TARIFFS, CREATING THE
AGRICULTURAL COMPETITIVENESS ENHANCEMENT FUND, AND FOR
OTHER PURPOSES”**

be approved in substitution of Senate Bill No. 2131, taking into consideration Proposed Senate Resolution Nos. 495, 549 and 1452, with Senators Recto, Poe and Villar as authors thereof.

Respectfully submitted,


SEN. LOREN LEGARDA
Chair, Committee on Finance; Member,
Committee on Agriculture and Food



SEN. CYNTHIA A. VILLAR
Chair, Committee on Agriculture and
Food; Vice-Chair, Committee on Finance

will investigate + conduct + to secure + transparency + in disburse use of funds


SEN. SERGIO R. OSMEÑA III
Vice-Chair, Committee on Finance

SEN. GRACE POE
Vice-Chair, Committee on Agriculture
and Food; Member, Committee on
Finance

So long as there are adequate safeguards


SEN. SONNY ANGARA
Vice-Chair, Committee on Finance
Member, Committee on Agriculture and
Food


SEN. TEOPISTO L. GUINGONA III
Vice-Chair, Committee on Finance


SEN. PAOLO BENIGNO “BAM” AQUINO IV
Vice-Chair, Committee on Finance;
Member, Committee on Agriculture and Food

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Committee on Finance

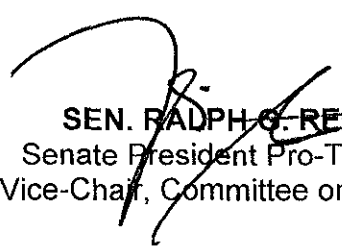
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Committee on Finance

SEN. JINGGOY EJERCITO ESTRADA
Committee on Finance

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Minority Leader

SEN. ALAN PETER S. CAYETANO
Majority Leader; Vice-Chair,
Committee on Agriculture and Food



SEN. RALPH G. RECTO
Senate President Pro-Tempore
Vice-Chair, Committee on Finance

HON. FRANKLIN M. DRILON
Senate President

SEP 15 1952

S E N A T E

RECEIVED BY: *J*

Senate Bill No. 2951

(In Substitution of Senate Bill No. 2131,
taking into consideration Proposed Senate Resolution Nos. 495, 549 and 1452)

Prepared and submitted jointly by the Committees on Agriculture and Food, and Finance with **Senators Recto, Poe and Villar** as authors

AN ACT

AMENDING THE PERIOD OF COLLECTION AND UTILIZATION OF THE AGRICULTURAL COMPETITIVENESS ENHANCEMENT FUND (ACEF), AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8178, AS AMENDED, OTHERWISE KNOWN AS "AN ACT REPLACING QUANTITATIVE IMPORT RESTRICTIONS ON AGRICULTURAL PRODUCTS, EXCEPT RICE, WITH TARIFFS, CREATING THE AGRICULTURAL COMPETITIVENESS ENHANCEMENT FUND, AND FOR OTHER PURPOSES"

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

1 **SECTION 1.** Section 8 of Republic Act No. 8178, as amended, otherwise
2 known as "An Act Replacing Quantitative Import Restrictions on Agricultural Products,
3 Except Rice, With Tariffs, Creating the Agricultural Competitiveness Enhancement
4 Fund, and For Other Purposes" is hereby further amended, to read as follows:

5 "SEC. 8. *Agricultural Competitiveness Enhancement Fund.* – To
6 implement the policy enunciated in this Act, there is hereby created the
7 Agricultural Competitiveness Enhancement Fund, hereinafter referred to
8 as the Fund. The Fund shall consist of all duties collected from the
9 importation of agricultural products under the minimum access volume
10 (MAV) mechanism, including unused balances and collections from
11 repayments from loan beneficiaries including interests, if any. The Fund
12 shall be automatically credited to Special Account 183 in the General
13 Fund of the National Treasury: *Provided, That fund releases shall not be*

1 subject to any ceiling by the Department of Budget and Management
2 (DBM).

3 The Fund shall continue to be set aside up to the year [2015]
4 **2020**, after which the collection of duties from the MAV mechanism and
5 the setting aside of the amount collected for the purpose shall terminate.
6 However, any remaining balance(s) at the date of expiration of the
7 **COLLECTION OF DUTIES FOR THE** Fund shall not revert to the General
8 Fund but shall continue to be used for the purpose for which it was
9 collected and set aside.

10 The Fund shall be set aside and **RELEASED FOR:** [earmarked
11 by Congress: (a) for the protection of farmers against unfair trade
12 practices such as smuggling, dumping of agricultural products or other
13 similar acts of unfair trade practices; and (b) for the increased
14 productivity of farmers by providing the necessary support services such
15 as, but not limited to, irrigation, farm-to-market roads, post-harvest
16 equipment and facilities, credit, research and development, other
17 marketing infrastructure, provision of market information, retraining,
18 extension services, micro, small and medium scale enterprises
19 (MSMSE) in agriculture, aquaculture and fisheries sectors; young
20 entrepreneurs, out-of-school youth, graduates of agriculture, fisheries
21 and related courses; agriculture and fishery cooperatives, corporations
22 and other entrepreneurs engaged in economic enterprises related to
23 agriculture and fisheries and assistance and support to agricultural
24 activities including, but not limited to, the reduction of input cost, quality
25 improvement, supply chain efficiency and other infrastructure including
26 access as well as an established transportation mechanism towards
27 speedy delivery of products] **(A) THE INCREASED PRODUCTIVITY OF**
28 **FARMERS AND FISHERFOLKS BY PROVIDING THE NECESSARY**

1 CREDIT TO FARMERS AND FISHERFOLKS COOPERATIVES AND
2 ASSOCIATIONS, AND MICRO AND SMALL SCALE ENTERPRISES,
3 FOR THE ACQUISITION AND ESTABLISHMENT OF PRODUCTION,
4 POST-HARVEST, AND PROCESSING MACHINERIES, EQUIPMENT
5 AND FACILITIES; (B) RESEARCH AND DEVELOPMENT ON
6 AGRICULTURAL AND FISHERY PRODUCTS OF STATE
7 UNIVERSITIES AND COLLEGES; AND (C) A COMPREHENSIVE AND
8 ATTRACTIVE GRANT-IN-AID PROGRAM FOR AGRICULTURE,
9 FORESTRY, FISHERIES, AND VETERINARY MEDICINE EDUCATION
10 TO PROMOTE THE DEVELOPMENT OF AGRICULTURE AND
11 FISHERIES: *Provided*, That:

12 (1) preferential attention should be continuously given to products
13 or people adversely affected by the repeal or removal of quantitative
14 import restrictions to agricultural products as provided for in Section 4 of
15 this Act;

16 (2) **THE USE OF THE FUND SHALL** be consistent with the
17 policies and priority thrusts under Republic Act No. 8435, as amended,
18 otherwise known as the Agriculture and Fisheries Modernization Act *vis-*
19 *à-vis* [Goals 1 and 2 under] the Medium-Term Philippine Development
20 Plan (MTPDP);

21 (3) **THE USE OF THE FUND SHALL** be complementary and
22 supportive of the various and current funding assistance windows or
23 programs of the Department of Agriculture and other government
24 institutions;

25 (4) **PROJECTS TO BE FUNDED SHALL** enhance the
26 competitiveness of target project beneficiaries or sectors, especially the
27 small farmers and fisherfolkS;

1 (5) [provide] product or service competitiveness in the local and
2 foreign markets in terms of product or service prices or fees and quality,
3 **IS ACHIEVED;**

4 (6) [promote] upstream and downstream linkages with related
5 and complementary agricultural activities **ARE PROMOTED;**

6 (7) [provide] clear and verifiable proof of sustainability of
7 operations **IS DETERMINED AND SUPPORTED;** and

8 (8) **PROJECTS FUNDED SHALL** be beneficial to most, and not
9 only selected, firms or groups within a sector.

10 [For purposes of this Act, local government units, state
11 universities and colleges or other government institutions involved in the
12 research and development of agricultural products may avail of the
13 ACEF in the form of financial grant without any collateral or security.]

14 The Fund shall be set aside and earmarked as follows:

15 (1) [Seventy] **EIGHTY** percent [(70%)] **(80%), IN THE FORM OF**
16 **CREDIT WITH MINIMAL INTEREST, WHICH SHALL NOT EXCEED**
17 **FIVE MILLION PESOS (PHP5,000,000.00) PER PROJECT LOAN,** for
18 **THE ACQUISITION AND ESTABLISHMENT OF** agri-based production
19 and post-production, and processing [activities including, but not limited
20 to, new export industries and agri-related infrastructure and]
21 **MACHINERIES, equipment AND FACILITIES** to achieve modern
22 agricultural practices, **TO BE EXTENDED TO** [; and for public
23 information and promotion activities including the establishment of a
24 principal mechanism therefore to promote the desired agricultural
25 products and activities and create new market.

26 The following areas are likewise accorded priorities: assistance to
27 individual] Filipino farmers and fisherfolks [,] **ASSOCIATIONS AND**
28 cooperatives, and micro[,] **AND** small [and medium] scale enterprises as

1 defined in Republic Act No. 6977, **AS AMENDED**, engaged in [the]
2 agricultural production, farming, fisheries, agri-business and similar
3 activities.

4 **THE LOAN BENEFICIARIES SHALL PROVIDE A**
5 **COUNTERPART FUND OR EQUITY OF NOT LESS THAN TEN**
6 **PERCENT (10%) OF THE TOTAL PROJECT COST, WHICH MAY BE**
7 **IN THE FORM OF CAPITAL OUTLAY, LABOR, LAND FOR THE**
8 **PROJECT SITE, FACILITIES, EQUIPMENT, AND SALARIES.**

9 **THE LAND BANK OF THE PHILIPPINES SHALL MANAGE**
10 **THE CREDIT FACILITY FUNDED OUT OF THE FUND AND SHALL**
11 **DETERMINE THE ELIGIBILITY REQUIREMENTS AND SET THE**
12 **REQUIRED LOAN SECURITY OR COLLATERAL OF LOAN**
13 **BENEFICIARIES. FOR THIS PURPOSE, THE LAND BANK IS**
14 **HEREBY AUTHORIZED TO CHARGE A MANAGEMENT FEE FROM**
15 **THE FUND.**

16 (2) [Twenty] **TEN** percent [(20%)] **(10%) AS GRANTS** for
17 research and development **OF AGRICULTURAL AND FISHERY**
18 **PRODUCTS**, and the commercialization of such, including the upgrading
19 of research facilities, of qualified state universities and colleges, **WHICH**
20 **SHALL NOT EXCEED FIVE MILLION PESOS (PHP5,000,000.00) PER**
21 **PROJECT; and**

22 (3) Ten percent (10%) to be used for the funding of a
23 comprehensive [scholarship] **AND ATTRACTIVE GRANT-IN-AID**
24 program for agriculture, forestry, fisheries, and veterinary medicine
25 education, **TO BE IMPLEMENTED BY THE COMMISSION ON HIGHER**
26 **EDUCATION.**

1 TO ENSURE THE ATTAINMENT OF THE OBJECTIVES OF
2 THE FUND, THERE IS HEREBY CREATED AN ACEF EXECUTIVE
3 COMMITTEE, COMPOSED OF:

4 A. THE SECRETARY OF AGRICULTURE, AS CHAIR;

5 B. THE PRESIDENT OF THE LAND BANK OF THE
6 PHILIPPINES;

7 C. THE CHAIRPERSON OF THE COMMISSION ON HIGHER
8 EDUCATION;

9 D. A REPRESENTATIVE OF FARMERS ASSOCIATIONS AND
10 COOPERATIVES; AND

11 E. A REPRESENTATIVE OF FISHERFOLKS ASSOCIATIONS
12 AND COOPERATIVES.

13 THE COMMITTEE SHALL PROMULGATE THE POLICIES
14 AND GUIDELINES NECESSARY FOR THE PLANNING,
15 ADMINISTRATION, COORDINATION AND MONITORING OF THE
16 UTILIZATION OF THE FUND.

17 The Congressional Oversight Committee on Agricultural and
18 Fisheries Modernization (COCAFAM) shall conduct a periodic review of
19 the use of the Fund."

20 **SEC. 2. Separability Clause.** – If any portion of this Act is declared
21 unconstitutional or invalid, the portions or provisions which are not affected shall
22 continue to be in full force and effect.

23 **SEC. 3. Repealing Clause.** – All laws, decrees, executive issuances, rules and
24 regulations inconsistent with this Act are hereby repealed or modified accordingly.

25 **SEC. 4. Effectivity.** – This Act shall take effect after fifteen (15) days from its
26 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,