

SENATE
P.S. Res. No. 484

20 AUG -3 P12 :40

Introduced by Sen. Cynthia Villar

Rec. 

RESOLUTION

**DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN
INQUIRY, IN AID OF LEGISLATION ON THE AGRICULTURAL
COMPETITIVENESS ENHANCEMENT FUND (ACEF) ACCOUNTING,
MANAGEMENT AND IMPLEMENTATION BY THE BUREAU OF CUSTOMS, THE
DEPARTMENT OF AGRICULTURE, COMMISSION ON HIGHER EDUCATION,
LAND BANK OF THE PHILIPPINES, THE DEPARTMENT OF BUDGET AND
MANAGEMENT AND OTHER RELEVANT GOVERNMENT AGENCIES**

1 **WHEREAS**, On March 28, 1996, RA 8178 or "An Act Replacing Quantitative
2 Restrictions on Agricultural Products, Except Rice, with Tariffs, Creating the
3 Agricultural Competitiveness Enhancement Fund (ACEF), and for Other Purposes",
4 was passed.

5 **WHEREAS**, for brevity it was known also as "The Agricultural Tariffication Act
6 of 1996". Tariffs are imposed on agricultural products except rice in lieu quantitative
7 restrictions or QRs. This was part of the country's trade policy reform when the
8 Philippines ratified the General Agreement of Tariffs and Trade (GATT) or the World
9 Trade Organization (WTO) Uruguay Round Agreement in 1995. As a result, the
10 country opened up its agricultural market to other WTO Member-Countries,
11 establishing a tariffication system. This means all agricultural products can be freely
12 imported into the country except rice.

13 **WHEREAS**, to ensure the implementation of the law and protect the local
14 farmers, the Agricultural Competitiveness Enhancement Fund was created. The
15 proceeds of the importation of the minimum access volume (MAV) shall accrue to a
16 Special Account in the General Fund and Deposited in the National Treasury. The
17 entire amount shall be set aside and shall be allocated by Congress for irrigation,
18 farm-to-market roads, post-harvest equipment and facilities, credit, research and

1 development, other marketing infrastructure, provision for marketing information,
2 retraining, extension services and other form of assistance and support to the
3 agricultural sector.

4 **WHEREAS**, the corresponding tariffs were collected beginning 1996 up to
5 2000 with the applied rates consistent with the country's tariff binding commitments.

6 **WHEREAS**, in February 2008, through RA 9496 ACEF was extended. The
7 Department of Agriculture (DA) issued various Implementing Rules and Guidelines in
8 the form of Administrative Orders to implement RA8178 and RA9496 that resulted in
9 the approval, financing and implementation of various loans, grants as well as
10 scholarships to qualified recipients.

11 **WHEREAS**, in 2011, the Office of the President issued a letter to the
12 Department of Budget and Management (DBM) raising a number of operational and
13 fund management issues in the implemented of ACEF by the DA.

14 **WHEREAS**, in May 2016 Congress passed RA 10848 – "An Act Further
15 Extending the Period of Implementation of the ACEF " until 2022 and provided that
16 the ACEF Executive Committee (EXECOM) come up with new policies and guidelines
17 necessary for the planning, administration, coordination and monitoring of the
18 utilization of the Fund.

19 The law provided that the fund shall be released as follows:

20 1. 80%. The increased productivity of farmers and fisher folk by providing the
21 necessary credit to them and their cooperatives and associations, and micro
22 and small-scale enterprises, for the acquisition and establishment of
23 production, postharvest, and processing machineries, equipment and
24 facilities, farm inputs and improvement, to be implemented by the Landbank
25 of the Philippines.

26 2. 10%. Research and development on agricultural and fishery products of state
27 universities and colleges, for technology commercialization and improvement
28 of facilities which shall be beneficial to the agriculture sector; and

29 3. 10%. A comprehensive and attractive grant-in-aid program for agriculture,
30 forestry, fisheries, and veterinary medicine education to promote the

1 development of agriculture and fisheries. This shall be implemented in
2 cooperation with the Commission on Higher Education.

3 **WHEREAS**, the law likewise provided for the accounting of duties collected from
4 the Minimum Access Volume (MAV) within 120 days from its approval, and that a
5 report be submitted to the ACEF Executive Committee or Execom and the COCAF
6 composed of the Senate and the House Committees on Agriculture and Food,
7 Appropriations and Finance by the Bureau of Customs, the DBM and the Bureau of
8 Treasury on the duties collected and fund releases from the MAV from 2009-2015;

9 **WHEREAS**, the ACEF Executive Committee is instructed that within one hundred
10 (100) days upon the effectivity of the law, it shall conduct a complete accounting
11 and inventory of the ACEF loan portfolio.

12 **WHEREAS**, the Commission on Audit (COA) should have conducted a full audit
13 and report the status of ACEF grants and loans extended for the period 2000 to
14 2011 and a COA report and the loan portfolio report shall be transmitted by the
15 ACEF Executive Committee to the Office of the Solicitor General (OSG), which shall
16 exhaust all legal remedies to exact collection of all ACEF past due accounts and
17 liquidation of all grants.

18 **WHEREAS**, the remaining amount collected shall be remitted to the ACEF and
19 shall be utilized based on the provisions of this Act.

20 **WHEREAS**, the Office of the Solicitor General (OSG) should have submitted
21 every six (6) months, a collection performance report to the ACEF Executive
22 Committee and the COCAF.

23 **WHEREAS**, the scholarship charged against the Agricultural Competitiveness
24 Enhancement Fund (ACEF), that covers the full amount of tuition and other fees, to
25 help to boost the agriculture sector, in forestry, fisheries, and veterinary medicine
26 education have remained unaccounted and unpaid despite the scholars completing
27 their college education in State Colleges and Universities.

28 **WHEREAS**, for transparency, the Senate also is seeking for the accounting of
29 tariff collected from 2016 to the current year from the BOC, its remittance to the
30 Special Account in the General Fund and the DBM allocation to DA to implement the
31 Agricultural Competitiveness Enhancement Fund.

1 **NOW THEREFORE BE IT RESOLVED**, as it is hereby resolved by the Senate to
2 direct the appropriate committee to conduct an inquiry in aid of legislation on the
3 accounting, management, implementation and administration of the ACEF by the
4 various agencies tasked for its implementation according to the law's letter and
5 intent.

6 **Adopted,**



CYNTHIA A. VILLAR

References:

RA 8178. <https://www.officialgazette.gov.ph/1996/03/28/republic-act-no-8178-s-1996/>

RA 9496. https://lawphil.net/statutes/repacts/ra2008/ra_9496_2008.html

RA 10848.

https://lawphil.net/statutes/repacts/ra2016/ra_10848_2016.html#:~:text=Section%208%20of%20Republic%20Act,%E2%80%9CSEC.

FINAL REPORT

Use of the Agricultural Competitiveness Enhancement Fund (ACEF) by the
Department of Agriculture (DA)

Danilo C. Israel, Ph.D. https://www.dbm.gov.ph/wp-content/uploads/OPCCB/fpb/a_DA-ACEF/b-ACEF%20Final%20Report.final.pdf