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SENATE
P.S. Res 549

RECEIVED BY: *ji*

Introduced by Senator Poe

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

Whereas, the Agricultural Competitiveness Enhancement Fund (ACEF) was established in 1996 by virtue of Republic Act No. 8178 as non-collateral, non-interest credit fund of the Department of Agriculture intended to make the country's agricultural sector viable, efficient and globally competitive

Whereas, consistent with the constitutional mandate of protecting Filipino firms against unfair trade, the ACEF was established to protect local farmers from "dumping" after the Philippines joined the World Trade Organization (WTO);

Whereas, during the hearing of the Senate Finance Committee on the 2014 proposed budget of the Department of Agriculture (DA) on September 9, 2013, Agriculture officials led by Secretary Proceso Alcala and Undersecretary for Administration and Finance Antonio Fleta said total tariff collected from imported commodity due for ACEF is P12.26 billion;

Whereas, P8.851 billion in loans was approved and subsequently released by the government to government agencies, farmers, non-government organizations and the private sector, with almost P1 billion borrowed and still unpaid by state-owned Quedan and Rural Credit Guarantee Corp. (Quedancor), a government-owned or controlled corporation attached to the DA, and P7.8 billion borrowed by the private sector;

Whereas, of the total loan releases, only P117.370 million was repaid by borrowers until June 2010;

Whereas, reports indicate that in 2011, the fund releases under ACEF were suspended because of unpaid loans and as much as 35 percent in purported kickbacks by Agriculture and other government officials;

Whereas, of the 316 accounts representing the loans, 216 applied for loan restructuring to seek for a longer repayment schedule;

Whereas, RA 8178 states that the government shall seek to raise farm productivity levels by providing the necessary support services such as, but not limited to, irrigation, farm-to-market roads, post-harvest equipment and facilities, credit, research and development, extension services, other market infrastructure and market information;

Whereas, markets, not production, however, increasingly drives agricultural development;

Whereas, the poor state of local infrastructure has adversely affected agricultural productivity and kept costs of agricultural products high;

Whereas, RA 8178 also states that the "Committees on Agriculture and Food, Appropriations and Finance of both the Senate and the House of Representatives shall conduct a periodic review" of ACEF;

Whereas, average annual growth rate in the agriculture sector was at 2.5 percent from 1992-2003 while 2.6 percent annually from 2004-2010;

Whereas, growth rate in the agriculture sector remained steady at a little over 2 percent, with Philippine agricultural sector growing by 2.9 percent in 2012, a bit higher from the 2.3 percent growth registered in 2011, but still significantly lower than neighboring Asian countries;

Whereas, despite being an agricultural country, agriculture's percentage share to Philippine gross domestic product (GDP) was significantly declining—from 19.6 percent in 2004, 19.1 percent in 2005, 18.8 percent in 2006, 18.4 percent in 2007, 18.3 percent in 2008, 18.1 percent in 2009 and 16.8 percent in 2010 to only 11.5 percent in 2012;

Whereas, despite previous pronouncements that the Philippines would have attained rice self-sufficiency status last year and that locally-produced rice would be exported, self-sufficiency target was pushed back to 2016;

Whereas, there is a dire need to focus government attention to agriculture, as the sector currently employs 32.2 percent of the Philippine labor force, or 12.1 million people;

Whereas, ACEF would have helped farmers be ready for trade liberalization under the ASEAN economic integration in 2015, where goods and services will flow freely—and with lower and even zero tariffs, including most agricultural products—among Southeast Asian nations;

NOW, THEREFORE BE IT RESOLVED, AS IT IS HEREBY RESOLVED, BY THE PHILIPPINE SENATE, to direct 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.

Adopted,


GRACE POE