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SENATE

P. S. RESOLUTION NO. 608

RECEIVED 

Introduced by

Senator Francis N. Pangilinan

***A RESOLUTION DIRECTING THE COMMITTEE ON AGRICULTURE
AND FOOD TO CONDUCT AN INQUIRY IN AID OF LEGISLATION
ON THE ALLEGED IRREGULARITIES ON THE
UTILIZATION OF THE AGRICULTURE COMPETITIVENESS
ENHANCEMENT FUND (ACEF)***

WHEREAS, Republic Act No. 8178 was enacted into law on March 27, 1996 which created the Agriculture Competitiveness Enhancement Fund (ACEF) which comes from the proceeds of the in-quota Maximum Access Volume (MAV) importations. ACEF was created to aid the agriculture sector to become globally competitive and sustainable through tariffication of agricultural products;

WHEREAS, R.A. 8178 provides for a mechanism called MAV Plus which authorizes the President to increase the MAV's with the concurrence of Congress. The in-quota volumes of products which have been forecast to be in short supply, or where their domestic prices have risen abnormally during a given year, will be increased to pre-set levels based on prevailing demand and supply conditions. Further, ACEF was created to advance the support for selected agricultural products in terms of farm-to-market roads, post-harvest equipment, marketing infrastructure, research and development and other extension services;

WHEREAS, the intent of the law is to make credit available to small farmers and fisherfolk and agriculture entrepreneurs. Under the program, agricultural workers, cooperatives, nongovernment organizations, and local government units may take out loans ranging from Five Hundred Thousand Pesos (P500,000.00) to Thirty Million Pesos (P30,000,000.00);

WHEREAS, according to the report of the Department of Agriculture as of February 2011, the ACEF had P10.73 billion accumulated from collected tariffs from 1990 to 2010. Based on the preliminary report, the fund used P8.85 billion, mostly for grants and loans. As of February, the agriculture department said P2.57 billion went to grants, while P5.82 billion went to loans to 299 accounts. About P372.78 million was used to fund scholarship programs;

WHEREAS, the Commission on Audit (COA) also issued a report that the ACEF was a failure. The report stated that the purpose of the program to raise farm productivity by extending credit to small farmers, fisherfolk and agricultural entrepreneurs was not achieved as manifested by the low collection rate of amortization due from the proponents. The inability of the proponents to pay the amortization is an indication that

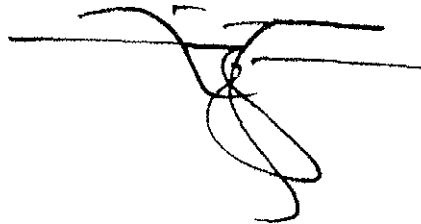
their livelihood agricultural activities did not succeed. In its 2010 report, the COA said five proponents (C and L Farms, Hi-Las Marketing Corp., Moraleda Farms, Queen's Agro-Industrial Farms Inc. and Gemsum Marketing) with ACEF loans of P72.245 million were given additional loans of P35.659 million for the same project, even if previous loans were not yet paid;

WHEREAS, based on news reports, the Department of Agriculture found out that 46 proponents got loans from 2000 to 2008 but have not paid a single installment. The loans from ACEF totaled P802.95 million;

WHEREAS, the alleged anomalies in the utilization of the ACEF have significantly affected the agriculture industry and made an impact on the small farmers, fisherfolk and agriculture entrepreneurs. Because of the alleged irregularities in the utilization of the ACEF, the goals of RA 8178 was not met. A proper procedure on the utilization of ACEF should be institutionalized in order to effectively dispose of the ACEF;

NOW, THEREFORE, be it resolved, as it is hereby resolved, to direct the Senate Committee on Agriculture and Food to conduct an inquiry in aid of legislation on the alleged irregularities on the utilization of the Agriculture Competitiveness Enhancement Fund.

ADOPTED,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the top, positioned to the right of the word 'ADOPTED'.