

Republic of the Philippines
CONGRESS OF THE PHILIPPINES
Metro Manila

Sixteenth Congress
Third Regular Session

Begun and held in Metro Manila, on Monday, the twenty-seventh day of July, two thousand fifteen.

REPUBLIC ACT No. 10848

AN ACT FURTHER EXTENDING THE PERIOD OF IMPLEMENTATION OF THE AGRICULTURAL COMPETITIVENESS ENHANCEMENT FUND (ACEF), AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8178, AS AMENDED BY REPUBLIC ACT NO. 9496, ENTITLED: “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:

SECTION 1. Section 8 of 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*”, is hereby further amended, to read as follows:

“SEC. 8. Agricultural Competitiveness Enhancement Fund. – To implement the policy enunciated in this Act, there is hereby created the Agricultural Competitiveness Enhancement Fund, hereinafter referred to as the Fund. The Fund shall consist of all duties collected from the importation of agricultural products under the minimum access volume (MAV) mechanism, including unused balances and collections from repayments from loan beneficiaries including interests, if any. The Fund shall be automatically credited to Special Account 183 in the General Fund of the National Treasury: Provided, That fund releases shall not be subject to any ceiling by the Department of Budget and Management (DBM).

“The Fund shall continue to be set aside up to the year 2022, after which the collection of duties from the MAV mechanism and the setting aside of the amount collected for the purpose shall terminate. However, any remaining balance(s) at the date of expiration of the collection of duties for the Fund shall not revert to the General Fund but shall continue to be used for the purpose for which it was collected and set aside.

“The Fund shall be set aside and released for:

(a) the increased productivity of farmers and fisherfolk by providing the necessary credit to farmers and fisherfolk and their cooperatives and associations, and micro and small-scale enterprises, for the acquisition and establishment of production, postharvest, and processing machineries, equipment and facilities, farm inputs and improvement; (b) research and development on agricultural and fishery products of state universities and colleges; and (c) a comprehensive and attractive grant-in-aid program for agriculture, forestry, fisheries, and veterinary medicine education to promote the development of agriculture and fisheries: Provided, That:

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

“(2) the use of the Fund shall be consistent with the policies and priority thrusts under Republic Act No. 8435, as amended, otherwise known as the Agriculture and Fisheries Modernization Act vis-a-vis the Medium-Term Philippine Development Plan (MTPDP);

“(3) the use of the Fund shall be complementary and supportive of the various and current funding assistance windows or programs of the Department of Agriculture and other government institutions;

“(4) projects to be funded shall enhance the competitiveness of target project beneficiaries or sectors, especially the small farmers and fisherfolk;

“(5) product or service competitiveness in the local and foreign markets in terms of product or service prices or fees and quality is achieved;

“(6) upstream and downstream linkages with related and complementary agricultural activities are promoted;

“(7) clear and verifiable proof of sustainability of operations is determined and supported; and

“(8) projects funded shall be beneficial to most, and not only selected firms or groups within a sector.

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

“(1) Eighty percent (80%), in the form of credit with reasonable interest, which shall not exceed Five million pesos (P5,000,000.00) per project loan, for the acquisition and establishment of agri-based production and post-production, and processing machineries, equipment and facilities to achieve modern agricultural practices, to be extended to Filipino farmers and fisherfolk associations and cooperatives, and micro and small-scale enterprises as defined in Republic Act No. 6977, as amended, engaged in agricultural production, farming, fisheries, agri-business and similar activities, and not to exceed One million pesos (P1,000,000.00) to individual farmers and fishermen to finance the purchase of farm inputs, equipment, or for farm improvement.

“The loan beneficiaries shall provide a counterpart fund or equity of not less than ten percent (10%) of the total project cost, which may be in the form of capital outlay, labor, land for the project site, facilities, equipment, and salaries.

“The Land Bank of the Philippines shall manage the credit facility funded out of the Fund and shall determine the eligibility requirements and set the required loan security or collateral and reasonable interest for the loan. For this purpose, the Land Bank is hereby authorized to charge a management fee from the Fund;

“(2) Ten percent (10%) as grants for research and development of agricultural and fishery products, and the commercialization of such, including the upgrading of research facilities, of qualified state universities and colleges, which shall not exceed Five million pesos (P5,000,000.00) per project; and

“(3) Ten percent (10%) to be used for the funding of a comprehensive and attractive grant-in-aid program for agriculture, forestry, fisheries, and veterinary medicine education, to be implemented by the Commission on Higher Education.

“To ensure the attainment of the objectives of the Fund, there is hereby created an ACEF Executive Committee, composed of:

“(a) The Secretary of Agriculture, as chair;

“(b) The President of the Land Bank of the Philippines;

“(c) The Chairperson of the Commission on Higher Education;

“(d) A representative of farmers associations and cooperatives; and

“(e) A representative of fisherfolk associations and cooperatives.

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

“The Congressional Oversight Committee on Agricultural and Fisheries Modernization (COCAFAM) shall conduct a periodic review of the use of the Fund.”

“SEC. 8-A. – Accounting of Duties Collected from the Minimum Access Volume Mechanism. – Within one hundred twenty (120) days from the approval of this Act, 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

“(c) Department of Budget and Management — ACEF funds released to the Department of Agriculture for the period 2009-2015.”

“SEC. 8-B. – Inventory and Collection of ACEF Loans. – Within one hundred (100) days upon the effectivity of this Act, the ACEF Executive Committee shall conduct a complete accounting and inventory of the ACEF loan portfolio.

“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.”

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

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

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

Approved,

(Sgd.) **FELICIANO BELMONTE JR.**
Speaker of the House
of Representatives

(Sgd.) **FRANKLIN M. DRILON**
President of the Senate

This Act which is a consolidation of Senate Bill No. 2951 and House Bill No. 6162 was finally passed by the Senate and the House of Representatives on February 3, 2016 and February 2, 2016, respectively.

(Sgd.) **MARILYN B. BARUA-YAP**
Secretary General
House of Representatives

(Sgd.) **OSCAR G. YABES**
Secretary of the Senate

Approved: MAY 23 2016

(Sgd.) **BENIGNO S. AQUINO III**
President of the Philippines