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Department of Agriculture

DEPARTMENT OF AGRICULTURE
LANDBANK OF THE PHILIPPINES
COMMISSION ON HIGHER EDUCATION

Joint Memorandum No. 01
Series of 2021

Subject : Revised Implementing Rules and Regulations of Republic Act No. 10848 (The ACEF Extension Law) Governing the Utilization of the Agricultural Competitiveness Enhancement Fund

WHEREAS, the Philippines, when it joined the World Trade Organization (WTO) in 1995, has committed itself to trade liberalization as a strategy for achieving sustainable economic growth, thus providing the country's agricultural producers greater opportunities for increasing exports while allowing for the lifting of import bans on most agricultural products;

WHEREAS, in order to maximize the country's gains from the policy of trade liberalization and minimize the adjustment costs in the shift toward a liberalized trade regime, Government has to institute measures and safety nets that would increase the agricultural sector's productivity and enable it to achieve higher levels of competitiveness;

WHEREAS, pursuant to Republic Act (RA) No. 8435 - "Agriculture and Fisheries Modernization Act of 1997," it is the mandate of the Department of Agriculture (DA) to develop the agriculture and fisheries sectors under the following principles, namely: (1) poverty alleviation and social equity; (2) food security; (3) rational use of resources; (4) global competitiveness; (5) sustainable development; (6) people empowerment; and (7) protection from unfair competition;

WHEREAS, Congress enacted into law in 1996 RA No. 8178 - "An Act Replacing Quantitative Restrictions (QRs) on Agricultural Products, Except Rice, with Tariffs, Creating the Agricultural Competitiveness Enhancement Fund (ACEF), and for Other Purposes" where the ACEF (also herein referred to as the Fund) shall consist of the in-quota tariffs collected from the importation of agricultural products under the Minimum Access Volume (MAV) mechanism and deposited in a Special Account (Fund 183) in the General Fund;

WHEREAS, to extend the utilization of the ACEF, Congress in 2008 amended RA 8178 through the enactment of RA 9496 - "An Act to Extend the Utilization Period of the ACEF" which converted the Fund into a revolving fund;

WHEREAS, the DA issued various Implementing Rules and Regulations (IRR)/ Guidelines via Administrative Orders (AOs) which were used as basis in implementing RA Nos. 8178 and 9496 that resulted in the approval, financing and implementation of various undertakings such as loan and grant projects as well as scholarships for qualified student-recipients;

WHEREAS, a moratorium on the utilization and implementation of the ACEF for loan and grant projects was issued by the Office of the President in a communication sent to the Department of Budget and Management (DBM) in 2011 where clarifications on a number of ACEF operational issues as well as on the ACEF IRR/Guidelines were sought and upheld by

the Office of the President (OP) in 2015 where issues raised by the DBM on the ACEF IRR/Guidelines remain to be addressed by the DA;

WHEREAS, Congress enacted on May 2016 RA 10848 - "An Act Further Extending the Period of Implementation of the ACEF" which extended the Fund's utilization until 2022 and provided for the promulgation by an ACEF Executive Committee (EXECOM) of new policies and guidelines necessary for the planning, administration, coordination and monitoring of the utilization of the Fund;

WHEREAS, on August 29, 2017, the EXECOM issued Resolution No. 2017-04 approving the Implementing Rules and Regulations (IRR) of R.A. 10848 embodied in Joint Memorandum No. 1, Series of 2017 or "*The Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 10848 (The ACEF Extension Law) Governing the Utilization of the Agricultural Competitiveness Enhancement Fund (ACEF)*" which took effect on January 5, 2018;

WHEREAS, the EXECOM on its January 18, 2021 meeting approved the proposed amendments to the ACEF IRR;

NOW, THEREFORE, this Joint Memorandum containing the amendments to the policies and guidelines or the IRR that will govern the disposition and extended utilization of the ACEF is hereby issued.

Section I - GENERAL FRAMEWORK

A. Definition of Terms

1. **Agricultural Products/Agricultural and Fishery Products** - refer to products classified under Chapters 1 to 24 of the Harmonized System (HS) of tariff nomenclature in the Tariff and Customs Code of the Philippines (TCCP), as amended.
2. **Baccalaureate Degree in Agriculture, Forestry, Fisheries and Veterinary Medicine Programs/Fields of Study** - preferably but not limited to various areas of specialization as follows: Bachelors of Science in Agriculture, Agricultural Chemistry, Food Technology, Agricultural Economics, Agribusiness Management; Agricultural Engineering; Fisheries, Forestry and Doctor of Veterinary Medicine.
3. **Capital Outlay** - expenditure for the acquisition of fixed assets and other goods, the productive benefits of which extend beyond the fiscal year. It covers expenditures for land and land improvements, buildings/structures, furniture, fixtures, and equipment outlay (including information technology equipment and software), investments, livestock and crops, but not to include vehicles.
4. **Comprehensive and Attractive Grant-in-Aid Program** - refers to a financial assistance program with a benefit package sufficient to support the educational needs of student grantees. The Commission on Higher Education (CHED) and DA shall provide a simplified procedure for such program.
5. **Congressional Oversight Committee on Agriculture and Fisheries Modernization (COCAFAM)** - refers to the Committee on Agriculture of both Houses in charge of conducting a periodic review on the use of ACEF.
6. **Eligible Borrowers** - refer to the intended beneficiaries of the Fund who qualify for loan assistance based on specific criteria and requirements.
7. **Farm Inputs** - include items necessary to produce a particular agricultural or fishery product such as but not limited to seeds, planting materials, fertilizers, pesticides and

various facilities, implements, gears or paraphernalia for cultivation or fishing purposes. This also includes breeding animals, parent stocks, fatteners, broilers, growers, feeds, drugs and biologics as well as various implements or paraphernalia used for livestock and poultry production. Likewise, this also includes other items and expenses necessary for production and post-production activities.

8. **Farmer and Fisherfolk Cooperatives or Associations** – refer to farmers and fisherfolk's cooperatives, associations or corporations, the members of which voluntarily joined together to form business enterprises or non-business organizations which they themselves own, control and patronize and registered with the appropriate government agencies.
9. **Individual Farmers and Fisherfolk** – refer to the following:
 - a. Individual Farmers are those who, regardless of tenurial arrangement, are engaged in agricultural production, farming, agri-business, and similar activities including those who are: [1] cultivating not more than five [5] hectares of land; or [2] engaged as small poultry/livestock raisers (defined as those raising not more than the following: poultry – 1,000 poultry layers or 5,000 broilers; swine – 10 sow level or 20 fatteners; cattle – 10 fatteners or 5 breeders; dairy – 10 milking cows; and goat – 50 heads); and
 - b. Individual Fisherfolk are those who, regardless of tenurial arrangement, are engaged in agricultural production, fishing, agri-business, and similar activities including those who are: [1] operating fishing vessels of not more than three (3) tons capacity; [2] operating fishponds of less than five [5] hectares or fish cages of less than four hundred [400] square meters; five (5) hectares for seaweeds production and the likes; and [3] other individuals who are engaged in small scale fish and fishery related production, processing and distribution.
10. **In-Quota Tariff Rate** - refers to the lower tariff rates for MAV products committed by the Philippines under the General Agreements on Tariffs and Trade - World Trade Organization (GATT-WTO) Uruguay Round Final Act.
11. **Loan Terms and Conditions** - refer to the requirements included in a loan agreement that specify the loan amount, mode of release and repayment terms, interest rate, loan security and other enforceable conditions agreed upon by the borrower and the lender.
12. **Micro and Small Enterprises (MSEs)** – refer to any business activity or enterprise engaged in industry, agribusiness and/or services whether single proprietorship, cooperative, partnership or corporation, the total assets of which, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, must have value falling under the following categories:
 - a. Micro : Not more than Three Million Pesos (PHP 3,000,000.00); and
 - b. Small : Three Million and One Pesos (PHP 3,000,001.00) to Fifteen Million Pesos (PHP 15,000,000.00).
13. **Minimum Access Volume (MAV)** – refers to the quantity of a specific agricultural or fishery product that may be imported with a lower tariff (in-quota) as committed by the Philippines to the GATT-WTO under the Uruguay Round Final Act.

14. **Quantitative Restriction (QR)/Quantitative Import Restriction** – refers to non-tariff restrictions used to limit the amount of imported commodities including but not limited to, discretionary import licensing and import duties, whether qualified or absolute.
15. **Research and Development (R&D)** – refers to formal studies that are conducted for a particular duration to generate new knowledge, information, or technological innovation to enhance, improve, or generate practical applications of the existing scientific knowledge base.
16. **State Universities and Colleges (SUCs)** – refer to chartered state institutions of higher learning which have independent and separate Governing Boards (GBs).
17. **Special Account 183 (or Fund 183)** – refers to the specific account in the General Fund where ACEF collections under the MAV and from loan repayments, including interest, if any, are deposited with the National Treasury.
18. **Trade Liberalization** – refers to the lifting of quota restrictions and the reduction of tariffs on imports.

B. Beneficiaries

1. Filipino Individual Farmers and Fisherfolk;
2. Filipino Farmers and Fisherfolk Cooperatives or Associations;
3. Micro and Small-Scale Enterprises engaged in agriculture and fisheries production, farming, fishing as well as agribusiness and similar activities;
4. State Universities and Colleges (SUCs); and
5. High school graduates, passers of Alternative Learning System / Philippine Educational Placement Test (ALS/PEPT) enrolling, or college students enrolled, in a baccalaureate degree in agriculture, forestry, fisheries and veterinary medicine programs in all Higher Educational Institutions (HEIs). Priority for the grant shall be given to children of farmers and fisherfolk.

C. Fund Use

1. As a credit facility intended for the borrowers in Section I (B) (1), (2), (3), the Fund shall be used as loans to the following borrowers and for the following respective purposes:
 - a. For Filipino Individual Farmers and Fisherfolk - to finance the purchase of farm inputs, equipment, or for farm improvement, and not to exceed One Million Pesos (P1,000,000.00) per individual; and
 - b. For Filipino cooperatives, associations, and MSEs engaged in agricultural production, farming, fisheries, agri-business, and similar activities - to acquire and establish agri-based production and post-production, and processing machineries, equipment and facilities to achieve modern agricultural practices, and not to exceed Five Million Pesos (P5,000,000.00) per cooperative, association or MSE.

Acquisition and establishment of agri-based production and post-production facilities shall include inputs required for their production or operation.

Individual farmers and fisherfolk as well as farmers and fisherfolk cooperatives/associations, and MSEs may avail of multiple loans provided they do not exceed the limits of one million pesos (P1,000,000.00) per individual and five million pesos (P5,000,000.00) per cooperative/association or MSEs.

A beneficiary may avail of subsequent loans subject to repayment performance and the evaluation by the LBP, which shall give preference to first time borrowers.

The LBP shall formulate a comprehensive set of lending guidelines and criteria for the operation of the credit facility, subject to the approval of the EXECOM.

2. As a grant facility for targeted beneficiaries, the Fund shall be used to:
 - a. Fund the Research and Development (R&D) activities of qualified SUCs on various agricultural and fishery products and the commercialization of such, including the upgrading of their research facilities; and
 - b. Implement a comprehensive and attractive Grant-in-Aid Program for qualified beneficiaries as identified under Section (I)(B)(5)* for agriculture, forestry, fisheries and veterinary medicine education to promote the development of agriculture and fisheries.

D. Criteria

The approval of loans and grants must be guided by the following criteria:

1. Preferential attention should be continuously given to agricultural and fisheries products and/or stakeholders/sectors adversely affected by the repeal or removal of quantitative import restrictions on said products.
2. Be consistent with the policies and priority thrusts under RA 8435, as amended, otherwise known as the Agriculture and Fisheries Modernization Act (AFMA) including the DA's Agricultural and Fisheries Modernization Plan (AFMP) and the Philippine Development Plan (PDP);
3. Complement and support the various and current funding assistance windows or programs of the DA and other government institutions;
4. Enhance the competitiveness of target project beneficiaries or sectors, especially the small farmers and fisherfolk;
5. Support product or service competitiveness in the local and foreign markets in terms of product or service prices/fees and quality;
6. Promote upstream and downstream linkages with related and complementary agricultural activities;
7. Provide clear and verifiable proof of sustainability of operations; and
8. Beneficial to most, and not only selected firms or groups within a sector.

E. Financing**1. Fund Allocation**

The Fund shall be earmarked as follows:

- a. Eighty Percent (80%) for credit (loan) assistance to eligible borrowers per Section (I)(B)(1,2,3) above and consistent with the use of the Fund per Section (I)(C)(1) above;
- b. Ten Percent (10%) as grants for the R&D activities of qualified beneficiaries per Section (I)(B)(4) above and consistent with the use of the Fund per Section (I)(C)(2)(a) above; and
- c. Ten Percent (10%) to be used for the implementation of a Grant-in-Aid program intended for qualified beneficiaries per Section (I)(B)(5) above and consistent with the use of the Fund per Section (I)(C)(2)(b) above.

2. Terms and Conditions of Funding Assistance**a. Loans**

Credit Parameters for eligible borrowers:

In determining the track record of the cooperative and association, the LBP shall consider the experience, training, and preparation of its officers and members to implement the proposed project.

(1) Term of the loan

The term of the loan shall depend on the gestation period of the commodity being financed. For acquisition of fixed assets, the term of the loan shall depend on the projected cash flow but not longer than the economic useful life of the facility or equipment.

(2) Interest Rate on Loan

The LBP shall set the interest rate, regardless of modality, to be as low as possible, subject to the approval by the EXECOM.

The LBP may enter into an agreement with rural banks, cooperative banks, credit cooperatives, farmers and fisherfolk cooperatives/associations, or micro finance institutions and similar institutions for purposes of relending to individual farmers and fisherfolk at an interest rate to be determined by the LBP and ACEF EXECOM.

(3) Management Fee for the LBP

The LBP is entitled to a reasonable management fee to be agreed upon by the LANDBANK and ACEF-EXECOM based on a quarterly average of outstanding loan balance.

(4) Operational Expense

A reasonable amount from the interest income of the invested portion of the Fund shall be set aside by the EXECOM to support the operational requirements of the assistance programs under the law.

The members of the established committees shall be entitled to honoraria/per diem as may be approved by the EXECOM subject to existing rules and regulations.

(5) Counterpart Fund or Equity

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.

b. R&D Grants

The terms and conditions for the R & D grants for SUCs shall be provided for in the Implementing Guidelines for ACEF R&D Grant Program approved by the ACEF EXECOM and to be implemented by the Department of Agriculture-Bureau of Agricultural Research (DA-BAR), which shall contain the following:

(1) Technical Criteria for Research and Development of Agriculture and Fishery Products.

The proposals should be in line with the following:

- (a) Development of technology for the production and/or processing of market-oriented agriculture and fishery products;
- (b) Pilot testing/prototyping of agriculture and fishery products;
- (c) Technology adoption and/or enhancement for the production and processing of agriculture and fishery products
- (d) Potential users/adopters of the product to be developed should be identified;
- (e) Other studies such as market study, feasibility study, supply chain, value chain analysis and such.

(2) Technical Criteria for Technology Commercialization

- (a) The technology to be used for the production and processing of the product has gone through verification or it is already a mature technology.
- (b) The product must be technically and financially viable and market driven.
- (c) The proposal should include the following:
 - i. Business Plan;
 - ii. Market Potential Analysis; and
 - iii. Sustainability plan.

- (d) The proposal should conform with the following:
 - i. DA thrusts and programs
 - ii. Commodities identified in the Regional Research, Development and Extension Agenda and Program (RIRDEAP) where the SUC is located
 - iii. BAR's Research, Development and Extension Agenda and Program
- (e) The proposal should be in line with the following:
 - i. Pilot testing of the technology on an enterprise setting
 - ii. Upscaling and/or enhancement of the existing production and/or processing of agriculture and fisheries products; and promotion and marketing of such
 - iii. Business incubation
- (f) Proposal should be implemented with any of the following:
 - i. Group/organization/cooperative of farmers and fisherfolks
 - ii. Graduates of agriculture or fishery-related courses
 - iii. Young agripreneurs

(3) Technical Criteria for Research Facilities Development

- (a) The project proposal must be aligned with the following:
 - i. DA thrusts and programs;
 - ii. Priority commodities identified in the Regional Research, Development and Extension Agenda and Program (RIRDEAP) where the SUC is located;
 - iii. BAR's Research, Development and Extension Agenda and Program;
- (b) The R&D facility and priority laboratory/research equipment must be in support to the implementation of the R&D programs of the concerned university.

(4) Monitoring and Evaluation

- (a) Report submission:
 - i. Progress reports
 - ii. Audited financial reports
 - iii. Completion reports
- (b) Conduct of periodic reviews
- (c) Conduct of completion review

(5) Approval of R & D Grants

All project proposals which have passed the evaluation by the DA-BAR shall be forwarded to the ACEF-PMO for endorsement to the ACEF-EXECOM.

c. Grant-in-Aid

The terms and conditions for the Grant-in-Aid Program for qualified students shall be provided for in the Implementing Guidelines for ACEF Grant-in-Aid Program approved by the ACEF EXECOM and to be implemented jointly by the Department of Agriculture and the Commission on Higher Education.

i. Qualification Requirements

1. Must be a Filipino citizen;
2. Graduating high school students; High school graduates; with earned units in college; or passers of Alternative Learning System / Philippine Educational Placement Test (ALS/PEPT);
3. Will enroll or currently enrolled in recognized programs in agriculture, forestry, fisheries, veterinary medicine education and related agriculture programs offered by duly authorized Higher Education Institutions (HEIs); and
4. Combined annual gross income of parents/guardians not to exceed Four Hundred Thousand Pesos (P 400,000.00).

In exceptional cases, those whose gross income exceed Four Hundred Thousand Pesos (P400,000.00), the DA through the DA-ACEF-GIAPS and ACEF-PMO shall determine the merits of their application for approval by the EXECOM.

ii. Amendatory Clause

The ACEF-GIAHEP implementation shall be subject to Republic Act (RA) 10687 otherwise known as the "Unified Student Financial Assistance System for Tertiary Education (UniFast) Act" which covers "all existing modalities of Student Financial Assistant Programs (StuFAPs) for Tertiary Education and Special Purpose Education Assistance in both public and private institutions."

Section II - Organizational Structure and Functions

A. ACEF Executive Committee (EXECOM)

1. Composition

As provided for in RA No. 10848, an ACEF EXECOM is created to ensure the attainment of the objectives of the Fund and is composed of the following:

- a. The Secretary of Agriculture as Chair;
- b. The President of the LBP;
- c. The Chairperson of CHED;
- d. A representative of Farmers Cooperatives/Associations; and
- e. A representative of Fisherfolk Cooperatives/Associations.

The two representatives in items d and e above shall be appointed by the DA Secretary from a list of three (3) nominees submitted by the Philippine Council for Agriculture and Fisheries (PCAF) and the National Anti-Poverty Commission (NAPC).

The DA Secretary, LBP President and CHED Chairperson may designate Permanent Alternates who can make decisions during meetings/deliberations for and in their behalf.

The representatives from farmers and fisherfolk cooperatives/associations must be bona fide members of their cooperative/associations and shall serve for a term of three (3) years.

2. Functions

- a. Promulgate policies and guidelines such as those contained herein that are necessary for the planning, administration, coordination and monitoring of the utilization of the Fund;
- b. Approve the amount and the accounts to be used and maintained for the day-to-day operations of the credit program as proposed by the LBP;
- c. Approve the following fees entitled to the LBP:
 - i. Trustee fee for investing the fund;
 - ii. Management fee based on principal loan amount for managing the credit program; and
 - iii. Appropriate fees for litigation expenses;
- d. Approve the utilization and disbursement of the earnings of the credit program for administrative and operating costs;
- e. Approve the operating expenses of the established appropriate Committees and Program Management Offices;
- f. Approve the ACEF R&D Program Guidelines for implementation by the BAR and the Grant-in-Aid Program for joint implementation by the CHED and DA; and
- g. Quarterly update the COCAFMD as well as other appropriate Committees in the Senate and the House of Representatives and other concerned government agencies as determined by the EXECOM on the status of Fund utilization.

B. Functions of Partner Institutions

1. The Land Bank of the Philippines

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.

- a. Fund Management & Obligations
 - i. Take-up the fund transferred by the DA as "Off-Book Account";
 - ii. Open and maintain a Trust Account with its Trust Banking Group (TBG) for the DA-ACEF account;
 - iii. Invest the unencumbered cash resources of the DA-ACEF account in bonds and other securities issued by institutions duly authorized to issue the same and/or guaranteed by the Philippine Government;
 - iv. Open and maintain savings or other accounts where funds for the day-to-day operations of the credit program shall be deposited and maintained. The LBP shall determine such amounts and accounts to be maintained as deemed necessary for its efficient operations;

- v. Utilize and disburse the earnings of the Fund including interest income for the Program's attendant administrative and operating expenses other than direct credit delivery costs mentioned in item v above, subject to the approval of the EXECOM;
- vi. Submit timely monthly reports for the ACEF Loan Program Management Committee (PMC) which shall include an executive summary of major indicators;
- vii. Submit to the EXECOM the status of the Fund to include fund balance held in trust, loan receivables, income and disbursements, at the end of each calendar quarter;
- viii. Shall exercise due diligence in the administration of the Fund including risk management, such as loan guarantee coverage and insurance for the borrowers. The credit risk shall be borne by the Fund;
- ix. Adopt any or combination of the following modalities in lending to eligible beneficiaries: (a) direct lending to farmers and fisherfolk associations and cooperatives, small-scale enterprises or to individual farmers and fisherfolk; (b) indirectly lend to borrowers by engaging credit granting institutions such as rural banks, cooperative banks, credit cooperatives, farmers and fisherfolk cooperatives/associations, micro finance institutions and similar institutions.
- x. Set the interest rate, regardless of modality, to be as low as possible. To the extent possible, interest rate to final borrowers shall be at most six percent (6%) pursuant to BSP Circular 799, Series of 2013;
- xi. Process and approve loans; and
- xii. Establish the appropriate management structure which may include among others, establishing appropriate Committee(s) and a Program Management Office (PMO) which shall be responsible for the coordination of activities with concerned government agencies and with LBP organizational units, monitoring program results and performance and preparation of periodic reports. The attendant operating expenses of such structure may be drawn from the earnings of the Fund and other sources subject to the approval of the EXECOM.

b. Credit Program Management

- i. Develop the design of the ACEF Credit Program. The design shall cover the lending policies, guidelines and procedures, including, among others, the eligibility criteria and requirements, loan terms and conditions including required collateral and/or substitute of collateral, eligible projects or activities for financing and interest rates; and
- ii. The ACPC, or such other entity as maybe directed by the EXECOM, shall cause the conduct of evaluation of the Credit Program every three years or at periods determined by the EXECOM. The expenses in the conduct of evaluation may be charged against the earnings of the Fund. The results of the evaluation shall be submitted to the EXECOM.

c. Collection

In case of default by the borrowers, the Landbank shall ensure loan collection, including proceeds from the payment of guarantee and insurance claims.

d. Fees

Entitled to a: (1) a trustee fee for investing the Fund, (2) a management fee based on a quarterly average outstanding loan balance, and (3) appropriate fees for litigation expenses. Such fees shall be as proposed by the LBP based on rates charged by the LBP on funds of similar volume and shall be approved by the EXECOM. Management fee shall include the direct credit delivery costs of the LBP in loan processing, monitoring and collection. All fees shall be chargeable against the Fund.

2. Commission on Higher Education

a. ACEF GIAHEP Program Policy

- i. Develop the design of the ACEF Grant-in-Aid Program in coordination with the ACEF Grant-in-Aid Program Unit (GIA PS)/ACEF-PMO. The design shall cover provisions on eligibility requirements, criteria for funding, screening, evaluation, approval, and monitoring/evaluation.
- ii. Submit the program for approval by the EXECOM within 30 days after the effectivity of this IRR.

b. Fund Management

- i. Submit timely quarterly reports to the EXECOM through the ACEF-GIAP unit/ACEF-PMO which shall include an executive summary of major indicators.

C. Technical and Administrative Support

1. ACEF Program Management Committee (PMC)

a. Composition

Chair	:	DA Undersecretary to be designated by the Secretary of Agriculture
Vice Chair	:	DA Assistant Secretary to be designated by the Secretary of Agriculture
Members	:	Director, DA Legal Service Director, Bureau of Agricultural Research (BAR) LBP Program Management Department I (PMD I) Field Operations Service (FOS) representative Philippine Crop Insurance Corporation (PCIC) representative Agricultural Credit Policy Council (ACPC) representative Bureau of Fisheries and Aquatic Resources (BFAR) representative Head, Minimum Access Volume (MAV) Secretariat Director, ACEF Program Management Office (ACEF-PMO)

b. Functions

- i. Recommend to the ACEF EXECOM for approval and promulgation policies and guidelines that are necessary for the planning, administration, coordination and monitoring of the utilization of the Fund;
- ii. Recommend to the ACEF EXECOM for approval the budgetary requirements of the various committees created therein and by the ACEF EXECOM as well as the agencies responsible in the implementation of the ACEF Programs;
- iii. Conduct periodic review and evaluation of the implementation and performance of the ACEF Loan Credit Program, R&D Grant Program, and Grant-in-Aid Program;
- iv. Monthly/Quarterly update the ACEF EXECOM on the status of utilization of the Fund; and
- v. Perform all other related functions as may be directed and/or delegated by the ACEF EXECOM.

2. ACEF Program Management Office (PMO)**A. Composition**

The ACEF PMO is hereby created and shall be headed by at least a Director of DA to be assigned by the DA Secretary with official designation as Director, ACEF-PMO. Permanent DA staff as may be detailed by the Secretary and contractual staff (via job orders) to be hired for the purpose shall comprise the ACEF- PMO.

B. Functions

- i. Assist and provide the necessary secretariat/staff support to the EXECOM and the ACEF PMC in the fulfillment of their respective functions;
- ii. Provide assistance to the various implementing agencies of the ACEF Programs;
- iii. Monitor the various projects financed under ACEF;
- iv. Act as over-all coordinator of the various ACEF Programs;
- v. Supervise the various secretariats of the ACEF Programs who are the repositories of the various documents, papers and data related to their programs;
- vi. Serve as custodian for all documents related to EXECOM and PMC; and
- vii. Perform such other functions as the ACEF EXECOM may require.

C. The ACEF-PMO shall have three (3) Units which shall serve as the Secretariat for the various ACEF Programs:

i. The ACEF – Credit Program Unit

The present ACEF – Program Management Secretariat (ACEF-PMS) is hereby renamed as ACEF-Credit Program Unit which will serve as secretariat for the ACEF Credit Facility of the ACEF. It will be composed of permanent DA Staff to be detailed by the DA Secretary, as well as contractual staff (via job orders) to be hired for the purpose. The ACEF-CP Unit shall perform the following:

1. Provide technical assistance (TA) to interested beneficiaries who are eligible borrowers particularly on completing and complying with the documentary requirements as may be required by the LBP at absolutely no cost (monetary or otherwise) to said eligible borrowers;
2. Advocate/promote the lending program to the Fund's target beneficiaries via information campaigns, dialogues and related activities at the field level;
3. Coordinate with the Office of the Solicitor General relative to the collection of ACEF past due loans and all other cases related to ACEF credit; and
4. Perform all other related functions as may be directed and/or delegated by the ACEF EXECOM and PMC.

There shall also be an ACEF Regional Coordinating Units (ACEF RCUs) under the DA Regional Field Office (RFOs), the composition of which shall be determined by the respective Regional Executive Directors (REDs) with the concurrence of the DA Secretary.

ii. The ACEF Grant-in-Aid Program Unit

The present ACEF Grant-in-Aid Program Management Office (ACEF GIA-PMO) shall be renamed as ACEF Grant-in-Aid Program unit which will serve as the secretariat of the ACEF-Grant-in-Aid for Higher Education Program to be composed of the existing staff of ACEF GIA-PMO and other permanent DA staff to be detailed by the DA Secretary, as well as contractual staff (via job orders) to be hired for the purpose.

The ACEF Grant-in-Aid Program Unit shall perform the following:

1. Identify the intended grantees under the ACEF Grant-in-Aid Program;
2. Monitor and coordinate with the CHED all activities pertaining to the Grant-in-Aid Program component of the Fund;
3. Conduct advocacy campaigns through information, education and communication on the Grant-in-Aid Program including the orientation of grantees; and
4. Maintain a database of grantees.

iii. The ACEF R&D Program Unit

The ACEF R&D Program unit is hereby created to be composed of permanent or contractual staff of DA-BAR assigned by the DA Secretary to the Unit whose function is to serve as secretariat for the ACEF R&D Program and to coordinate with the DA-BAR on all matters relating to the R&D Grant Facility of ACEF.

Section III – Fund Handling

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).

To attain expeditious and efficient attainment of the objectives of the Fund, DBM shall release the Fund directly to LBP, DA-BAR, and CHED respectively for the purpose of:

- a) Increasing the 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.

Section IV - Transitory Provisions

1. All transactions prior to the effectivity of RA 10848 which have no signed loan agreements will be processed under the provisions of the new law and this IRR. Proponents thereof may reapply with the LBP in compliance with the new requirements set forth herein.
2. All projects with signed loan agreements shall be governed by the provisions of the signed loan agreement.
3. Submit to the Office of the Solicitor General (OSG) the ACEF Loan and Grant Portfolio containing a report of all project accounts together with the full audit report of the Commission of Audit (COA) on said project accounts prior to the enactment of RA 10848 and the issuance of the guidelines herein.
4. The OSG shall exhaust all legal remedies to exact collection of all ACEF past due accounts and liquidation of all grants which were granted prior to the effectivity of RA 10848.
5. The LBP will also exhaust all legal remedies to collect all loans approved and granted after the effectivity of RA 10848.
6. These rules and regulations shall not prejudice or impair the rights of existing scholarship beneficiaries of the Fund. For this purpose, the DA Grant-in-Aid Program

Office shall ensure that these scholars will continue to enjoy all their benefits in accordance with Department Circular No. 2 Series of 2016.

Section V - Repealing and Separability Clauses

- A. All DA issuances such as Administrative and Special Orders (AOs/SOs) inconsistent with this Order are hereby repealed.
- B. The provisions of this Order are hereby declared to be separable, and in the event one or more of such provisions are held unconstitutional, the validity of the other provisions shall not be affected thereby.

Section VI - Effectivity


The Order shall take effect fifteen (15) days from its publication in the Official Gazette or in a newspaper of general circulation.

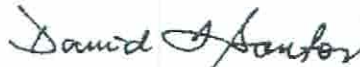
APPROVED: January 18, 2021



WILLIAM D. DAR, Ph.D.
 Secretary, Department of Agriculture
 Chair, ACEF Executive Committee

DEPARTMENT OF AGRICULTURE
 TRAINING, EXTENSION, RESEARCH AND INFORMATION DIVISION
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