



REPUBLIC OF THE PHILIPPINES  
**Senate**  
Pasay City

# Journal

**SESSION NO. 46**  
Tuesday, January 28, 2014

**SIXTEENTH CONGRESS  
FIRST REGULAR SESSION**

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**CALL TO ORDER**

At 3:12 p.m., the Senate President, Hon. Franklin M. Drilon, called the session to order.

**PRAYER**

Sen. Antonio F. Trillanes IV led the prayer, to wit:

Almighty God, we thank You for all the blessings that You have showered upon our country and our people. We praise You, Lord, for we know that with You we can accomplish anything.

Cast Your light upon our countrymen who suffer in pain of lost loved ones and properties due to recent calamities, and those who face the difficulties of everyday life. May You bestow upon them the will to endure all trials that come their way. May You also constantly remind us here in this Chamber that we have been elected solely to serve them.

These we ask in Your Almighty Name.

Amen.

**ROLL CALL**

Upon direction of the Chair, the Secretary of the Senate, Atty. Oscar G. Yabes, called the roll, to which the following senators responded:

Angara, S.	Guingona III, T. L.
Aquino, P. B. IV B.	Honasan, G. B.
Binay, M. L. N. S.	Lapid, M. L. M.
Cayetano, P. S.	Osmeña III, S. R.
Drilon, F. M.	Revilla Jr., R. B.
Ejercito, J. V. G.	Sotto III, V. C.
Enrile, J. P.	Trillanes IV, A. F.
Estrada, J.	Villar, C. A.

With 16 senators present, the Chair declared the presence of a quorum.

Senators Cayetano (A), Escudero, Marcos and Poe arrived after the roll call.

Senator Legarda was on official mission abroad.

Senators Defensor Santiago, Pimentel and Recto were on sick leave.

**SUSPENSION OF SESSION**

With the permission of the Body, the Chair suspended the session.

*It was 3:14 p.m.*

**RESUMPTION OF SESSION**

At 3:15 p.m., the session was resumed.

**APPROVAL OF THE JOURNAL**

Upon motion of Senator Cayetano (A), there being no objection, the Body dispensed with the reading of the Journal of Session No. 45 (January 27, 2013) and considered it approved.

**ACKNOWLEDGMENT OF THE PRESENCE OF GUESTS**

At this juncture, Senator Cayetano (A) acknowledged the presence in the gallery of the following guests:

- Mr. Emiliano Manuel, Association of Barangay Councils (ABC) president of Rizal Province;
- Mr. Philip Zafra, ABC president of Cebu Province; and
- Mr. Jose Erwin Esguerra, ABC president of Quezon Province.

Senate President Drilon welcomed the guests to the Senate.

**REFERENCE OF BUSINESS**

The Secretary of the Senate read the following resolutions which the Chair referred to the Committees hereunder indicated:

Proposed Senate Resolution No. 461, entitled

RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTS THAT PLASTIC FIESTA BUNTINGS CONTAIN HIGHLY TOXIC CHEMICALS

Introduced by Senator Defensor Santiago

**To the Committee on Health and Demography**

Proposed Senate Resolution No. 462, entitled

RESOLUTION DIRECTING THE PROPER

SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE NEWS REPORT THAT 113 ARMED FORCES OF THE PHILIPPINES PERSONNEL TESTED POSITIVE FOR ILLEGAL DRUGS

Introduced by Senator Defensor Santiago

**To the Committees on National Defense and Security; and Public Order and Dangerous Drugs**

Proposed Senate Resolution No. 463, entitled

RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORT THAT SLIMMING AND ANTI-OBESITY PILLS BANNED BY THE FOOD AND DRUG AUTHORITY ARE BEING SOLD AND DISTRIBUTED IN THE COUNTRY THROUGH THE INTERNET AND IN LOCAL STORES

Introduced by Senator Defensor Santiago

**To the Committee on Health and Demography**

Proposed Senate Resolution No. 464, entitled

RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORT THAT THE PHILIPPINE GOVERNMENT LACKS MEANINGFUL ACTION TO END IMPUNITY FOR EXTRAJUDICIAL KILLINGS, TORTURE, AND ENFORCED DISAPPEARANCES, BASED ON THE WORLD REPORT 2014 OF THE HUMAN RIGHTS WATCH

Introduced by Senator Defensor Santiago

**To the Committee on Justice and Human Rights**

## ACKNOWLEDGMENT OF THE PRESENCE OF GUESTS

At this juncture, Senator Cayetano (A) acknowledged the presence in the gallery of the following guests:

- Mayor Pro Tempore Elito M. Santarina of Carson City, California;
- Mayor Allan A. Gamilla of Bongabon, Nueva Ecija; and
- Barangay captains from Mariveles, Bataan.

Senate President Drilon welcomed the guests to the Senate.

## COMMITTEE REPORT NO. 10 ON SENATE BILL NO. 2046

(Continuation)

Upon motion of Senator Cayetano (A), there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 2046 (Committee Report No. 10), entitled

### AN ACT PROMOTING THE REDUC- TION OF POVERTY THROUGH THE DEVELOPMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES.

Senator Cayetano (A) stated that the parliamentary status was the period of interpellations.

Thereupon, the Chair recognized Senator Aquino, sponsor of the measure.

## INTERPELLATION OF SENATOR ANGARA

Prefatorily, Senator Angara stated that having spent at least 90 days of electoral campaign with Senator Aquino, he has witnessed how consistently and assiduously the chairman of the Committee on Trade, Commerce and Entrepreneurship has pursued Senate Bill No. 2046 that would benefit small and medium entrepreneurs. He lauded Senator Aquino for having tackled so much just seven months into his chairmanship, including the resolution looking into the ease of doing business in the Philippines, a hearing on the streamlining of business practices that elicited from Secretary Petilla 165 steps needed to operate a new power plant, and the implications of ASEAN integration.

Asked by Senator Angara how the investigations or resolutions into the ease of doing business have improved the crafting of the *Go Negosyo* bill, considering the Committee's plethora of resource persons including the competitiveness council, the DTI, various government officials and private sector personalities, Senator Aquino said that what has become clear after the hearings was that there are a lot of steps – needed or unneeded – in the running of a business in the Philippines. He affirmed that it is cumbersome to do business in the country, however, a lot of things can be done to give entrepreneurs an easier time to put up and run their business. He said that the *Go Negosyo* bill, in particular, aims to assist small-scale entrepreneurs and small business ventures by providing incentives to them.

Asked if the measure would also provide entrepreneurs ease of access to credit, Senator Aquino stated that another bill, the Microfinance bill, which was still being heard, would address the concern regarding access to credit.

Senator Aquino stated that one of the selling points of the *Go Negosyo* bill is the creation of centers run by the DTI from which entrepreneurs could ask support and help, including referrals to banks or government institutions for small and medium-sized entrepreneurs, and referrals to microfinance organizations for micro-entrepreneurs. He said that there are various microfinance organizations in the country which could help the small business sector.

Senator Aquino said that micro finance members who wish to put up a business could seek assistance from *negosyo* centers which, in turn, would refer them to the proper financing mechanism instead of them patronizing the services of lending facilities that offer loans at very high interest rates. With the proper financing institutions in place, he believed that interest rates would be significantly lower, and training and capacity building would at the same time be provided to small entrepreneurs so that they would be well-guided as they prosper in their business.

Senator Angara conceded that most of the small and medium entrepreneurs lack formal education, hence, there is clear need for an entity, such as a *negosyo* center, to walk them through the process of business registration, as mentioned in Section 5(a) of the bill.

On whether it is the entrepreneurs that would have interact with LGUs to secure local business

permits, Senator Aquino said that the *negosyo* center could facilitate with everyone concerned in supporting and starting the business. In fact, he said that there are already a few LGUs that act as successful *negosyo* centers, private organizations like the Philippine Chamber of Commerce and Industry (PCCI), or a local business college that houses the *negosyo* center. In most cases, he said that *negosyo* centers are run by the DTI, however, if a private sector is a full partner of the program, the LGU concerned plays an important role as well.

Senator Aquino emphasized that one of the things which the bill seeks to amend is the Barangay Micro Business Enterprises (BMBE) law which was previously passed in Congress but was not thoroughly implemented due to stringent regulations and the difficulty of access to incentives. Through the *Go Negosyo* bill, he said that some incentives from the BMBE law and the Magna Carta for Micro, Small and Medium Enterprises (MSMEs) – two laws that have been enacted but remain unutilized by the general public – could be unlocked, allowing easier access to their provisions.

In addition, Senator Aquino said that even when the BMBE law was passed in 2002, only 1% from the micro-enterprise industry have availed of it because of its very strict regulations; in effect, it is a dead letter law considering that the group that it intends to support has not benefitted from it at all. He said that the *Go Negosyo* bill amends portions of the BMBE Law of 2002 to allow easier access to the incentives as well as support from the BMBE program.

Senator Angara pointed out that the inequity in society is also seen in the fact that big corporations and major enterprises are those that normally avail of such fiscal incentives, privileges that are not offered to small entrepreneurs. He asked whether it is bureaucratic red tape or difficulty of compliance that is the reason behind the low availment of incentives under the BMBE law. Senator Aquino believed that the problem lies on the lack of understanding of the sector that needs assistance. For instance, he noted aversion of micro-entrepreneurs such as sari-sari store owners, fishball vendors or farmers to filling out numerous forms before they could avail of a loan. He said that such tedious procedures make it difficult for the target market to avail of the incentives under the BMBE law.

Senator Angara said that the DTI, cognizant of the tedious procedures that make it difficult for the

target market to avail of the incentives and support and development programs under the BMBE law, itself suggested the simplification of forms for the availment of BMBE incentives, and their adaption to the sector that is seeking assistance. Moreover, he said that the assistance given to small entrepreneurs should not be a one-time deal but one that would aid them every step of the way.

Asked whether *negosyo* centers could assist applicants in selecting the business or enterprise best suited for them, particularly since many aspiring entrepreneurs have the capital for starting a business but do not know which one would work best in their area, Senator Aquino stated that the common law of entrepreneurship dictates that the location would best determine the business suited for that area. He said that the *negosyo* center is envisioned to be a venue for providing training and financing opportunities for its applicants. For instance, he said that government agencies like the DTI, through its roving academy, can provide the necessary training while the TESDA, as well as other private organizations under their respective Corporate Social Responsibility (CSR) programs, offer lessons on entrepreneurship. He said that an individual would be given the opportunity to train and to get support and financing for operating a business suited for his or her area. He added that the center would assist such entrepreneurs in securing their BIR Tax Identification Number, tax receipts and not only link their products to different markets but help export the same.

Senator Aquino stated that many small entrepreneurs look forward to getting such kind of support from their governments, and expressed hope that the measure would help unlock such kind of growth in the country similar to how its other Asian neighbors such as Taiwan and Japan had been able to build their economic backbone on the entrepreneurship of small and medium businesses.

As regards the start-up fund for MSMEs, Senator Aquino pointed out that while commercial banks are willing to lend to businesses that have solid business plans and track record, with micro-financiers lending small and medium enterprises a minimum of P5,000 to a maximum of P300,000, the bill seeks to provide them a commercial-bank sized loan ranging from P300,000 up to P10 million. If in case such gap cannot be filled by the private sector, he said that government institutions, such as the Small Business Corp (SB Corp), and different government institutions

like the Department of Agriculture (DA) could also provide assistance. He recalled that the Landbank has expanded its credit services going beyond agriculture, while the SB Corp, which is the main government body tasked to provide loans to small and medium enterprises, might also need to be strengthened to allow it to cater a greater number of small entrepreneurs.

In reply to further queries, Senator Aquino explained that SB Corp is an attached agency of the Department of Trade and Industry (DTI) whose link to the MSMED Council the measure aims to strengthen. He clarified, though, that the administration of the funds would not be left solely to SB Corp as there are other government funds set for such a need. He reiterated that the measure further strengthens the MSMED Council to allow it to collate the various government programs and align them to support the MSMEs in the country.

Asked who among the MSMED Council, the SB Corp fund administrator or the DTI Secretary would be the ultimate decision maker in the availment of funds, Senator Aquino said that it would depend on the charter of each body or agency. He said that he would provide Senator Angara a list of the various funds and the groups that would approve the release of each one. He added that the idea of the bill was for the MSMED Council to be able fulfill one of its purposes which is to promote financing and to collate and align all of the funds in terms of guidelines, purposes and promotion, particularly since few avail of such funding. This, he said, is actually quite ironic considering the gap in terms of small and medium enterprises who are trying to avail of higher amounts of loan.

Asked how the government's effort of encouraging private sector support for microfinancing enterprises would impact on the measure considering that it had been previously provided funding for such businesses, Senator Aquino pointed out that with the traditionally low repayment of loans guaranteed by the church and government, encouraging private sector lending for SMEs would be a better alternative to the current setup. He said that government has provided the framework for the process by lending to microfinance groups like the PCFC and facilitating big loans from international funders. He stressed that while government could still provide financing for SMEs through government-owned and -controlled corporations (GOCCs) like Landbank, it could also

do its share in urging private sector involvement in the undertaking which is not only profitable but is direly needed by the country.

Upon further queries, Senator Aquino explained that the MSME centers would be transformed into *negosyo* centers since they only have varying levels of success. Thus, instead of one center providing training, and another offering equipment, and yet another providing market linkage, he said that one government *negosyo* center could make the services available in all areas of the Philippines, thereby helping enhance inclusive growth in the country.

Senator Aquino pointed out that despite the natural disasters that the country has experienced in the past year, the Philippines' GDP, which has matched that of China's, has grown consistently within the six to seven percent range, although the country's poverty rate has not moved in proportion to its economic growth. He believed that such inclusive growth which should be felt even by the grassroots sector can be done in many specific ways such as by providing jobs and enterprise at all levels of society. He further pointed out that inclusive growth translates to providing employment to the poor as well as to new graduates and offering business opportunities for all. He believed that the *negosyo* centers would be the enabling environment that will allow more people to engage in business, provide community-based jobs and spread economic growth. He added that unlike barangay-based livelihood programs, an inclusive supply chain that allows a small business to grow, is capable of exporting its products and of generating employment.

Senator Angara believed that in view of the government's efforts to address the problem of inequitable economic growth around the country caused by "class dimension," the geographic dimension ought also to be taken into consideration, as he pointed out that five of the 16 regions — NCR, Region IV(A), Region III, Region VI — (Western Visayas), and Region VII — (Central Visayas) — not only account for 63% of the total number of MSMEs in the entire country but are also the same areas where most PEZA establishments are located because a lot of investments flow to these regions. He suggested that government assign more of its skilled officers to the rural *negosyo* centers where they can train small entrepreneurs in running their businesses.

Senator Aquino said that once the bill is passed, the government would need to re-orient its employees, especially those in the DTI, to have a more market-focused outlook rather than merely concentrating on increasing production. He pointed out that inclusive growth is a new trend in entrepreneurship which seeks to have a market focus, i.e., to determine what the market would purchase rather than what the business can produce, to ensure the growth of the enterprise. He welcomed the DTI Secretary's support for the bill that would impact a lot on the current mindset of entrepreneurs.

Senator Aquino said that apart from putting the more skilled individuals in the poorer areas of the country, it might also be best to look for unique partnerships that fulfill the goals of a *negosyo* center, for instance, housing the business in a school campus, an NGO or a business group like the PCCL, or simply allowing the local government to take the lead in the efforts instead of the national government.

He added that the idea could be very fluid as this should be based on what an area needs and what its strengths are. However, he said that what is more important is to establish a place where entrepreneurs could go and ask for support. He acknowledged the fact that it would take about 20 to 30 years to fully build the capacity of government in providing all the support services for entrepreneurs, even as he hoped that the measure would transform the mindset of entrepreneurs and business groups who believe that they could succeed without the help of government. He emphasized the need to show people that the government is supportive even of the smallest entrepreneurs in the Philippines who represent the poorest in the country.

Asked which sectors have potential or are still not crowded in terms of market share, Senator Aquino replied that it would be difficult to determine which businesses would thrive because their success would depend on where they are located. He said, however, that a lot of advocates of inclusive growth are generally looking at the agricultural sector where most of the workers are but which shows a lot of inefficiencies. He explained that it is in the presence of such inefficiencies that an entrepreneur is more interested in adding value to the particular sector.

Senator Aquino underscored the need to reexamine the way agriculture is being done and to see whether other alternatives are available,

such as making the supply chain more equitable to farmers. He said that farmers' cooperatives can also be taught other simple processes other than harvesting so that they could add value to what they already produce and sell.

Senator Aquino said that the DTI could look at the opportunities in the mobile and virtual services which in the past 10 years have produced a good number of cellular phone load entrepreneurs who operate even without a physical store. He noted that the more virtual the services, the more the avenues for people to get into business.

Senator Aquino said that another area that the DTI could look into is manufacturing which, albeit the need for large investments not meant for micro and small enterprises, could give space for them at the tail-end of the manufacturing process, such as filling in the need of large companies for raw materials. However, he reiterated that the success of the endeavor would all depend on its location, something that business coaches should study to be able to recommend which areas and sectors of the market should be given more attention.

Senator Angara agreed that agriculture is one of the areas that needs improvement, as he recalled having been informed by the presidents of SUCs during one of the meetings of the House Committee on Higher Education which he chaired that out of about 100 SUCs, only 10 have increasing rates of enrolment in agricultural courses in spite of the opportunity for full scholarships, stipends, and other incentives. He stressed the need for the grant of more incentives to students other than free tuition fees to encourage them to go into agriculture and provide the link to the supply chain.

Queried on the proposed additional functions and role of the MSMED Council, Senator Aquino replied that with the support of the DTI Secretary, the MSMED Council would be given a larger role in terms of pushing support for micro and small enterprises in the Philippines, aside from putting it in the forefront of the efforts toward inclusive growth. He said that apart from its functions already provided for in RA 9501, the bill seeks to add to its role the coordination and oversight of all the *negosyo* centers so that they could be aligned to the government's thrust for micro and small enterprises and also to ensure that the different programs and support coming from national or international groups

could be divided between the areas where they are most needed.

Asked whether there are proposals to amend the composition or selection of the MSMED Council members, Senator Aquino said that under the present law, the MSMED Council is composed of the secretaries of DTI, DA, DILG, DOST and DOT, the Chair of SB Corp, three representatives from the MSME sector to represent Luzon, Visayas and Mindanao, one representative from the labor sector, and a representative from the banking sector, preferably from rural bank.

He said that an amendment in the bill would be to include in the MSMED Council the following: the DENR Secretary, who will be tasked to push for more green enterprises; the NEDA Director General, to ensure that the Philippine Development Plan is aligned with the goals of the micro and small enterprises sector; the BSP Governor, to ensure the measures main thrust of inclusive financing in the Philippines; a representative from the youth sector, to promote youth entrepreneurship and combat youth unemployment; a representative from the micro finance NGO group, considering the very large role that they play in supporting micro and small enterprises; and the Chairs of the Senate and House committees that deal with micro enterprises, to ensure the alignment of various policies and legislation. He expressed hope that the expanded composition of the MSMED Council would put the MSME sector in the forefront of inclusive growth in the country and allow greater support for it.

In reply to further queries, Senator Aquino said that the MSMED Council would be a governing board with the *negosyo* centers under it and would remain under the supervision of the DTI Secretary who is its chairman. He said that the *negosyo* centers will be the ones to implement the different services and functions in one specific area instead of doing services differently from each other as is the current practice.

Senator Aquino said that while the existing powers, duties and functions of the MSMED Council under RA 9501 appear to be quite a long list, it falls short of what could be actually done on the ground. He said that by including the aspect of *negosyo* centers and by expanding the Council's composition, there would become a national outlook for the MSMEs from a policy point of view, with the *negosyo*

centers implementing the policies and programs on the ground.

Senator Angara said that while it is admirable to include so many sectors in the MSMED Council, he said that with 18 members, the Council might be too unwieldy and might not be able to perform its assigned tasks under the law should it encounter problems like obtaining a quorum during meetings.

Senator Aquino noted the observations of Senator Angara and expressed willingness to consider amendments at the proper time.

As regards the role of the Cooperatives Development Authority (CDA) with respect to the *negosyo* centers, Senator Aquino said that registration of cooperatives would still be done through the SEC and to be approved by the CDA. Stating that he could not tell whether the SEC and the CDA would want to authorize the *negosyo* center to register cooperatives, he expressed belief in the capability of *negosyo* centers to help the cooperatives in terms of expanding their market.

Finally, Senator Angara noted that in most provinces, cooperatives are the usual vehicle by which people pool together savings and investments.

#### **ACKNOWLEDGMENT OF THE PRESENCE OF GUESTS**

At this juncture, Senator Cayetano (A) acknowledged the presence in the gallery of the criminology students of Colegio dela Purisima Concepcion in Roxas City, Capiz headed by Dean Gregorio Mendoza Jr.

Senate President Drilon welcomed the guests to the Senate.

#### **INTERPELLATION OF SENATOR CAYETANO (A)**

Asked by Senator Cayetano (A) on the definition of the word "services" on Section 3 of the bill as regards facilitating their access to MSMEs, Senator Aquino explained that "services" refers to several functions, including the coordination and facilitation of the processes of governments. For instance, he said that it would be up to the LGUs to determine how many forms and how many windows it needs for registration. He expressed hope that the *negosyo* centers could centralize such processes.



Senator Aquino said that another service would be to integrate a unified business processing system. He hoped that one of the main projects of the DTI, the Philippine Business Registry Program that allows the registration of single proprietorship through the internet, could be offered in the *negosyo* centers through kiosks.

Relative thereto, Senator Aquino pointed out that Section 4(f) of the bill seeks to encourage government institutions to promulgate information so that people could learn more about the services available in a *negosyo* center such as supply information, and services in training, financing and marketing. He stressed that the main point when it comes to services is to link the entrepreneurs to financing groups.

In terms of marketing services, Senator Aquino said that the different *negosyo* centers would work hand in hand for the conduct of food fairs and similar trade fairs which the DTI is already doing to a great extent.

Senator Aquino said that training is another important service of *negosyo* centers where entrepreneurs could be taught the basics of accounting, inventory, product development, packaging and other related skills. He expressed the need to support private sector activities relating to MSME development given the fact that government could not do it alone. He assured that successful businessmen, particularly in the local areas, are willing to share their knowledge and information with start-up entrepreneurs.

Senator Aquino cited other services such as coordinating with schools, developing youth entrepreneurship training programs, building local support networks, establishing a databank, and other similar initiatives for the struggling entrepreneurs.

Senator Cayetano (A) asked whether the mandate of Section 6 of the bill is to give prospective entrepreneurs access to capital, which is one of the basic requirements for setting up a business. He cited Land Bank of the Philippines which offers programs relative to land reform and GOCCs that help business establishments recover from bankruptcy, but noted minimal government support for small or micro enterprises whose owners usually resort to loan sharks for credit or pawnshops for capital in order to establish their business.

Asked on the start-up fund offered by the *negosyo* center, Senator Aquino clarified that the *negosyo* center is an information hub where, among its other services, programs are created to assist businessmen in getting training and financial assistance from financing institutions. He pointed out that about 95% of loans in the business sector are granted by micro-financing institutions or private banks that offer lower interest rates and which are the usual rivals of loan sharks or of pawnshops. He said that it is more advisable to get loans from private banks because of their added services like training and capacity building; however, businessmen have difficulty availing of the loans because of the rigid requirements such as the submission of a business plan. He stressed the need to change the mindset of entrepreneurs who prefer getting capital from loan sharks because that way profits are hard to come by.

As regards start-up fund, Senator Aquino said that there are government institutions like the SB Corp that are mandated to provide loans to SMEs and to assist in the industry reform so that they could move forward. He said that the success of a business relies mostly on the mixed initiatives of both the private sector and the government. He revealed that the DTI and the DOF are coming up with loan packages for interested entrepreneurs who are victims of *Typhoon Yolanda*.

Asked whether the *negosyo* center performs a function similar to customer relations or customer service, Senator Aquino answered in the affirmative.

Senator Cayetano (A) asked on the role of *negosyo* centers in policy formulation, as he cited the assistance to *Typhoon Yolanda* victims who were given coconut seedlings which would take five years to grow. He said that the immediate need to typhoon victims are livelihood and housing programs.

He also asked on the role of the *negosyo* center as regards research and policy making, and whether they would have to coordinate with the DTI and other concerned government agencies or would rather work independently. He likewise noted the inclusion of the NEDA Secretary General in the Council.

Senator Aquino clarified the need of the MSMED Council and the local *negosyo* centers to be differentiated, explaining that the latter serves as the implementing body for the provision of services and feedback, all of which should be coordinated and

monitored by the MSMED Council. On the other hand, he said that the MSMED, which is chaired by the DTI Secretary, will use the feedback of the local *negosyo* centers in its decision-making and policy-making efforts. However, he stressed that the local *negosyo* centers should be given enough space to determine not only the needs of the locality but also to see to it that the initiatives are in consonance with the national agenda.

Asked whether, therefore, the MSMED Council functions like a coordinating body, Senator Aquino explained that while the MSMED Council indeed is the coordinating body of all the *negosyo* centers by virtue of its chairmanship by the DTI Secretary, the Council should also support the moves of the DTI in terms of pushing for policies and the implementation of programs on the ground.

At this juncture, Senator Villar clarified that while the people from Leyte still have to wait five years before they could benefit from the coconut seedlings distributed to them by the DA, the agency has also distributed vegetable seeds, which the people could grow in one month for food and as a source of livelihood, and corn which could be harvested in four months. She said that the DA has a combination of short, medium and long term programs including the distribution of motorized bancas to fisherfolk. Senator Cayetano (A) clarified that the funds used by the DA for the purpose came from its regular funds. He wondered whether the rehabilitation funds, which include the pork barrel of senators and the supplemental budget, have been released other than to the Philippine Coconut Authority (PCA). Senator Villar affirmed that the funds for the seedlings were partly from the DBM and some came from the regular fund of the DA and the PCA. She further confirmed that the rehabilitation funds are slowly being released, and that the funds from the DA were meant not only for coconut seedlings but also for other crops in view of the agency's idea of inter-cropping.

Senator Cayetano (A) asked why the funds are being released in trickles when the GAA has appropriated P140 billion, including for the purpose of constructing 171 buildings composed of barangay halls and public markets, as confirmed by DILG Secretary Roxas, and for other purposes.

Senator Villar stated that her family started its own company from scratch, but giving due importance to technology at the onset of the business. She stressed

the need for entrepreneurs to first learn about the business before building it, whether big or small, so that capital would follow. She affirmed that financial institutions that give out loans at very low interest rates would require feasibility studies to determine the creditor's capability to start a business. Senator Aquino agreed, as he pointed out that one of the services offered by the *negosyo* center is training and teaching people how to operate a business.

Senator Cayetano (A) adverted to the proviso on access to capital, in particular as regards the phrase "shared service facilities and equipment" of which he admitted to be an advocate. He said that he was, in fact, thinking of putting P100 million to P1 billion per region for such purpose, an initiative which he thought could be more effective than the conditional cash transfer scheme. He cited the good business prospects of a coconut coir factory in Quezon and the *kalamay* makers in Albuquerque, Bohol which could prosper if given the proper monetary and technical support.

Senator Aquino reiterated that the *negosyo* center is an information hub of services on government as well as private sector programs where entrepreneurs can come at different stages. For businesses that are just starting, he said that trainings could be offered. For businesses which are already developed, he said that the center can assist them in the availment of a micro-loan from financial institutions like banks so that they could expand further. Thus, he said that the center should be agile enough to accept different entrepreneurs at different stages and provide the support needed for them to be able to grow. Senator Cayetano (A) admitted that he asked the question with the intent of asking funding for the bill particularly in shared facilities where the DTI was allocated a meager amount. He hoped that funding for shared services could be expanded to improve the program. Senator Aquino stated that an amount has been allocated in the GAA for shared services although he expressed doubt whether the DTI has the capability for business training and financing which could be of great use in the center.

Senator Aquino reiterated that the businesses or enterprises of people should be looked at using an eco-system's point of view as he hoped that the centers could provide such perspective and the support needed at all the different points in the system.

Senator Cayetano (A) said that the businessmen or micro and small entrepreneurs might not have

confidence in the persons manning the business centers because they are not knowledgeable about the matter. Asked if the private sector or successful business persons would play a big role in the system, Senator Aquino answered in the affirmative, adding that although a massive mind-set shift and retraining of personnel is necessary, the government must be versatile by allowing other sectors with more experience in the area to provide assistance or even to house the center.

Given the fact that there are institutions that have more experience in the area of business, Senator Cayetano (A) asked if incentives would be given to institutions that would volunteer, partner or house the centers at a local level. Senator Aquino said that it would be a possible set-up in the framework provided in the bill, the specifics of which could be left to the DTI which is the implementing agency. He added that while there are various set-ups that could be envisioned, it is more important that the physical or virtual place where the entrepreneurs could go for support should be established.

Senator Cayetano (A) mentioned the dilemma of the entrepreneurs and the government with regard to the Unified Business Registration Form in Section 5.

He said that if a problem concerning a business establishment arises, the government would be faulted as negligent; on the other hand, if all the regulations and processes would be strictly implemented, the government would also be faulted as not being business-friendly.

Senator Aquino further explained that the unification will be applied all the way to the local level. Given the fact that starting a new business in the country is quite difficult, he said that it would be ideal to have a *one-stop-shop for entrepreneurs even through the internet*, citing the system in Singapore where a business could be registered within six minutes to an hour. He said that even though many of the business processes in the country are still manual, there are already efforts towards a Unified Philippine Business Registry. In the meantime, he said that a one-stop-shop would be a possible and attainable solution.

Senator Aquino explained that Section 5 was born out of the experience with the BMBE law where only 1% of all micro enterprises in the country have registered owing to the findings of experts that the process was too difficult particularly because of

a mismatch between the type of regulation and the sector which it aims to support.

Senator Aquino hoped that with a Unified Business Registration Form, more entrepreneurs could avail of the services in the center and the incentives already laid out in the law because the process by then would have been simplified.

Upon further query, Senator Aquino confirmed that the center, since it is not a regulatory body, would basically mediate between the entrepreneur and the various government agencies. He explained that the bill would not go into details as to how the various government agencies involved in business registration would coordinate because it would be up to the implementers to see how the goal would be realized, and especially since there is already a move to consolidate all the services.

Asked how the MSMEs would undertake the processing of business permits as provided in Section 5(a), Senator Aquino explained that LGU representatives will be detailed in the *negosyo* center, and that apart from the immediate processing of permits, it would also be to the best interest of the LGU to make sure that the *negosyo* center is functioning.

Senator Cayetano (A), however, expressed reservation on mandating LGU personnel to be stationed at the *negosyo* center as it might cause certain problems. Apart from the issue with personnel, he added that establishing a single *negosyo* center in a large area would not be practical. He, however, agreed that it is necessary to balance between the need for regulation and the need for a system that would reflect the keys to doing business. Senator Aquino said that the ideals would be balanced off by the realities on the ground as well as by the LGUs, government agencies and legislators. He also pointed out that nothing in the bill is mandatory since everything would be done in coordination with the LGUs and that the implementation in each area would be unique.

Senator Cayetano (A) noted that since there would be an IRR, the first few months or years would be filled with adjustments. He added that it has been a struggle to have a unified system in the past because there was no internet then and some agencies were resistant to change. However, he said that impending changes could soon become the norm. Senator Aquino agreed, stating that pilot

*negosyo* centers have already been set up so that amendments to the bill would be made based on real-world results.

Finally, Senator Cayetano (A) believed that a balance between implementing the law and having a business-friendly system could be attained, similar to that of Singapore, precisely what the bill seeks to accomplish.

**SUSPENSION OF CONSIDERATION  
OF SENATE BILL NO. 2046**

Upon motion of Senator Cayetano (A), there being no objection, the Body suspended consideration of the bill.

**MANIFESTATION  
OF SENATOR CAYETANO (A)**

Senator Cayetano (A) informed the Body that he would meet with the House Majority Leader within the week as a prelude to the meeting of the Senate President and the Speaker of the House of



Representatives regarding priority bills. He asked the Members who have not submitted, or those who would like to submit additional priority bills, to coordinate with the Office of the Senate President or with the Office of the Majority Floor Leader so that these could be included in the agenda of the meeting.

**ADJOURNMENT OF SESSION**

Upon motion of Senator Cayetano (A), there being no objection, the Chair declared the session adjourned until three o'clock in the afternoon of the following day.

*It was 4:48 p.m.*

I hereby certify to the correctness of the foregoing.

  
OSCAR G. YABES  
Secretary of the Senate  


Approved on January 29, 2014

