



REPUBLIC OF THE PHILIPPINES
Senate
Pasay City

Journal

SESSION NO. 56
Wednesday, February 19, 2014

SIXTEENTH CONGRESS
FIRST REGULAR SESSION

SESSION NO. 56
Wednesday, February 19, 2014

CALL TO ORDER

At 3:16 p.m., the Senate President, Hon. Franklin M. Drilon, called the session to order.

PRAYER

The Body observed a minute of silent prayer.

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.	Honasan, G. B.
Aquino, P. B. IV B.	Lapid, M. L. M.
Binay, M. L. N. S.	Legarda, L.
Cayetano, A. P. C. S.	Marcos Jr., F. R.
Drilon, F. M.	Pimentel III, A. K.
Ejercito, J. V. G.	Poe, G.
Enrile, J. P.	Recto, R. G.
Estrada, J.	Sotto III, V. C.
Guingona III, T. L.	Villar C. A.

With 18 senators present, the Chair declared the presence of a quorum.

Senators Escudero, Osmeña and Trillanes arrived after the roll call.

Senator Cayetano (P) was on official mission.

Senator Defensor Santiago was on sick leave.

Senator Revilla was absent.

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. 55 (February 18, 2014) 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:

- Boy Scouts of the Philippines, Metro Manila South Council (Las Pinas City, Muntinlupa City, Taguig City and Pateros), headed by Domenica D. Guiritan;
- Members of the Charlie Company of the 14th Infantry Battalion, Philippine Army of Samar, headed by Lt. Col. Manolito Montiel;
- Education students from the Philippine Normal University, headed by Ms. Kimberly Suerte;
- Governor Dennis Habawel and his wife, Dr. Eileen Habawel, of Ifugao; and
- Arayat, Pampanga Mayor Emmanuel Alejandrino with his wife, Mrs. Lourdes Alejandrino, and Mr. Joselindo Alejandrino.

Senate President Drilon welcomed the guests to the Senate.



REFERENCE OF BUSINESS

The Secretary of the Senate read the following matters and the Chair made the corresponding referrals:

BILLS ON FIRST READING

Senate Bill No. 2124, entitled

AN ACT STRENGTHENING THE UTILIZATION OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) IN ALL PUBLIC HIGH SCHOOLS AND FOR OTHER PURPOSES

Introduced by Senator Recto

To the Committees on Education, Arts and Culture; and Finance

Senate Bill No. 2125, entitled

AN ACT PROVIDING A FRAMEWORK FOR NATIONAL SUSTAINABLE SANITATION PROGRAM, PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES

Introduced by Senator Cynthia A. Villar

To the Committees on Health and Demography; Local Government; and Finance

RESOLUTIONS

Proposed Senate Resolution No. 505, entitled

RESOLUTION CONGRATULATING AND COMMENDING MICHAEL CHRISTIAN MARTINEZ FOR BEING THE FIRST SKATER FROM SOUTHEAST ASIA TO QUALIFY FOR THE WINTER OLYMPICS AND FOR FINISHING 19TH PLACE IN THE 2014 WINTER OLYMPICS HELD IN SOCHI, RUSSIA

Introduced by Senator Sotto III

To the Committee on Rules

Proposed Senate Resolution No. 506, entitled

RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED ILLEGAL TRADE OF PHILIPPINE SEA TURTLES IN PALAWAN

Introduced by Senator Defensor Santiago

To the Committees on Environment and Natural Resources; and Agriculture and Food

Proposed Senate Resolution No. 507, entitled

RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE COUNTRY'S WORSENING REPUTATION FOR BEING ONE OF THE MOST DANGEROUS COUNTRIES IN THE WORLD FOR JOURNALISTS, ACCORDING TO THE PRESS FREEDOM INDEX FOR 2013 BY THE REPORTERS SANS FRONTIÈRES

Introduced by Senator Defensor Santiago

To the Committees on Public Information and Mass Media; and Justice and Human Rights

Proposed Senate Resolution No. 508, entitled

RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED ILLEGAL QUARRYING OPERATIONS IN AURORA PROVINCE AND ITS IMPACT ON THE ENVIRONMENT AND AFFECTED COMMUNITIES

Introduced by Senator Defensor Santiago

To the Committee on Environment and Natural Resources

Proposed Senate Resolution No. 509, entitled

RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT

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AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORT THAT THE PHILIPPINES HAS BECOME THE DUMPING GROUND OF GARBAGE, IMPROPERLY DECLARED AS SCRAP, FROM OTHER COUNTRIES

Introduced by Senator Defensor Santiago

To the Committees on Environment and Natural Resources; and Ways and Means

Proposed Senate Resolution No. 510, entitled

RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED ILLEGAL OPERATIONS OF A KOREAN GAMBLING GROUP IN TAGUIG

Introduced by Senator Defensor Santiago

To the Committees on Games, Amusement and Sports; and Local Government

Proposed Senate Resolution No. 511, entitled

RESOLUTION COMMENDING AND CONGRATULATING FIGURE-SKATER MICHAEL CHRISTIAN MARTINEZ, THE FIRST AND LONE PHILIPPINE REPRESENTATIVE, FOR HIS FEAT IN THE MEN'S FIGURE-SKATING FINALS AT THE 2014 SOCHI WINTER OLYMPICS IN RUSSIA

Introduced by Senator Honasan II

To the Committee on Rules

Proposed Senate Resolution No. 512, entitled

RESOLUTION URGING THE PROPER SENATE COMMITTEES TO REVIEW, IN AID OF LEGISLATION, EXISTING STATE POLICIES IN PROVIDING SAFETY OF COMMON CARRIERS, WITH THE OBJECTIVE OF RECOMMENDING A MORE EFFICIENT AND EFFECTIVE REGULATORY SYSTEM, A SUFFICIENT SAFETY

POLICY AND A SPEEDY CLAIM PROCEDURE TO FURTHER PROTECT THE COMMUTING PUBLIC

Introduced by Senator Grace Poe

To the Committee on Public Services

ADDITIONAL REFERENCE OF BUSINESS

RESOLUTIONS

Proposed Senate Resolution No. 513, entitled

RESOLUTION TO EXTEND CONGRATULATIONS AND COMMENDATION TO MICHAEL CHRISTIAN MARTINEZ FOR BEING THE FIRST FIGURE SKATER FROM SOUTHEAST ASIA TO COMPETE IN THE WINTER OLYMPICS AND FOR HIS OUTSTANDING PERFORMANCE IN THE MEN'S FREE SKATING COMPETITION AT THE ICEBERG SKATING PALACE DURING THE 22ND OLYMPIC WINTER GAMES IN SOCHI, RUSSIA ON 14 FEBRUARY 2014

Introduced by Senator Lapid

To the Committee on Rules

Proposed Senate Resolution No. 514, entitled

RESOLUTION COMMENDING MICHAEL CHRISTIAN MARTINEZ FOR HIS INSPIRING PERFORMANCE IN THE 2014 SOCHI WINTER OLYMPICS AND SHOWING ONCE AGAIN THE INDOMITABLE SPIRIT OF THE FILIPINO

Introduced by Senator Sonny Angara

To the Committee on Rules

SECOND ADDITIONAL REFERENCE OF BUSINESS

MESSAGE FROM THE HOUSE OF REPRESENTATIVES

Letter from the House of Representatives, informing

the Senate that on 17 February 2014, the House of Representatives adopted Senate Bill No. 2043 as an amendment to House Bill No. 3766, entitled

AN ACT ESTABLISHING THE MARITIME INDUSTRY AUTHORITY (MARINA) AS THE SINGLE MARITIME ADMINISTRATION RESPONSIBLE FOR THE IMPLEMENTATION AND ENFORCEMENT OF THE 1978 INTERNATIONAL CONVENTION ON STANDARDS OF TRAINING, CERTIFICATION AND WATCHKEEPING FOR SEAFARERS, AS AMENDED, AND INTERNATIONAL AGREEMENTS OR COVENANTS RELATED THERETO

To the Archives

RESOLUTION

Proposed Senate Resolution No. 515, entitled

RESOLUTION COMMENDING FILIPINO FIGURE SKATER MR. MICHAEL CHRISTIAN MARTINEZ FOR HIS OUTSTANDING PERFORMANCE AT THE 2014 OLYMPIC WINTER GAMES IN SOCHI, RUSSIA

Introduced by Senator Ejercito Estrada

To the Committee on Rules

ACKNOWLEDGMENT OF THE PRESENCE OF GUESTS

Senator Cayetano (A) acknowledged the presence in the gallery of the students of the Malayan College of Laguna led by Prof. Maila Nasario, Cristy Amores and Angelito Platino.

Senate President Drilon welcomed the guests to the Senate.

REQUEST OF SENATOR ESTRADA

Adding to his request last week to release all the CCTV footages of the 6th floor, Senator Estrada asked that footages of the 5th floor of the Senate from the year 2010 onwards be included to verify the

presence of Mrs. Ruby Tuason in the Senate building.

Senate President Drilon instructed the Sergeant-at-Arms accordingly.

PROPOSED SENATE RESOLUTION NO. 415

Upon motion of Senator Cayetano (A), there being no objection, the Body considered Proposed Senate Resolution No. 415, entitled

RESOLUTION COMMENDING THE SOLDIERS OF THE 14TH INFANTRY BATTALION DEPLOYED TO GUIUAN, EASTERN SAMAR IN RECOGNITION OF THEIR INCREDIBLE ACTS OF BRAVERY IN THE WAKE OF TYPHOON YOLANDA.

The Deputy Secretary for Legislation, Atty. Edwin B. Bellen, read the text of the resolution, to wit:

WHEREAS, the Senate recognizes the heroic acts of individuals who personify Filipino altruism and emulate the spirit of "*bayanihan*";

WHEREAS, many lives were spared from the rage of typhoon *Yolanda* because of soldiers who selflessly risked their own safety to preserve the life of others;

WHEREAS, eight soldiers of the 14th Infantry Battalion in Samar namely:

1. Cpl. Emerson P. Mendoza
2. Pfc. Jomar Jay Radin
3. Pfc. Michael G. Punzalan
4. Pfc. Marlon F. Sarino
5. Pfc. Elvin M. Hugo
6. Pfc. Jay R. Obrar
7. Pfc. Rando I. Soria
8. Pfc. Richard D. Salanguste

were deployed to Guiuan, Eastern Samar, the first town to be hit by typhoon *Yolanda*, to render humanitarian assistance and disaster response;

WHEREAS, the abovenamed soldiers rendered service beyond the call of duty by courageously risking their own lives in securing the safety of the people of Guiuan, helping them in the search and rescue of their loved ones, providing security to relief operations and traveling to far-flung areas to bring relief goods to people in need;

WHEREAS, the altruism and heroic acts of individuals in life-saving assistance to the

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victims of typhoon *Yolanda* deserve the tribute and recognition of all Filipinos;

NOW, THEREFORE, BE IT RESOLVED that the Senate commend Cpl. Emerson P. Mendoza, Pfc. Jomar Jay Radin, Pfc. Michael G. Punzalan, Pfc. Marlon F. Sarino, Pfc. Elvin M. Hugo, Pfc. Jay R. Obrar, Pfc. Rando I. Soria, Pfc. Richard D. Salanguste in recognition of their incredible acts of bravery in the wake of *Typhoon Yolanda*.

Thereafter, the Chair recognized Senator Binay to sponsor the resolution.

SPONSORSHIP SPEECH OF SENATOR BINAY

Senator Binay presented Proposed Senate Resolution No. 415, commending and recognizing the heroic acts of the soldiers belonging to the 14th Infantry Battalion who were deployed to Guiuan, Eastern Samar, in the wake of *Typhoon Yolanda*.

The full text of Senator Binay's sponsorship speech follows:

PAGKILALA SA MGA BAYANI NG "YOLANDA"

Sa aking mga kasamahan dito sa Senado, sa magigiting nating mga sundalo at sa ating mga kababayan, magandang hapon sa inyong lahat.

Kasama po natin ngayon ang mga miyembro ng 14th Infantry Battalion ng Sandatahang Lakas ng Pilipinas na naitalaga sa Guiuan, Eastern Samar, noong kasagsagan ng bagyong "Yolanda." Ang araw pong ito ay pagpapakilala sa kanilang katapangan, katapatan sa tungkulin at kahandaang ibuwis ang kanilang mga sarili upang mailigtas ang buhay ng marami.

Iba't ibang pagsubok at kalamidad ang hinarap ng ating bansa sa nakaraang dala-wang taon, tulad ng bagyong "Pablo," lindol sa Central Visayas, at ang pinakamatindi, ang bagyong "Yolanda." Sa gitna ng mga sakuna na sumubok sa ating bayan, hindi tayo kailanman sumuko at higit sa lahat, hindi nawala ang diwa ng "bayanihan" ng marami sa ating mga kababayan. Ang busilak at taos-pusong pagtulong at pakikipagkapwa na walang pag-iimbot at hinihintay na anumang kapalit ay hindi mapapantayan ng kahit anuman.

Ito rin ang salitang naglalarawan at kumakatawan sa namumukod-tanging kaugalian ng mga Pilipino.

Anumang bagyo, lindol o kalamidad ay kayang lampasan sa kadahilanang mayroon tayong matinding malasakit sa kapwa at pananagutan sa inang bayan. Sa likod ng mga katagang "Bangon Pilipinas!" na ating nakikita sa naglalakihang billboards at sa social media ay ang hindi natatawarang tulong at dasal na inialay ng maraming Pilipino.

Ang araw na ito ay para sa lahat ng kabayanihang inialay ng maraming Pilipino lalo na nang tayo ay sinubok ng bagyong "Yolanda." Maaaring nasalanta nito ang mga bayan at lalawigan, mga tahanan, kabuhayan at kumitil ng maraming buhay subalit nanatiling buo ang ating paniniwala sa Maykapal at sa isa't isa. Kaya nating talunin at higitan ang hagupit ng kalikasan basta tayo ay magtutulungan.

Tayo ay mapalad na makasama ngayong araw ang mga miyembro ng Charlie Company ng 14th Infantry Battalion sa Samar, mga bayaning sumisimbulo sa kagitingan ng bawat Pilipino. Sila ay handang itaya ang sariling buhay para sa ikabubuti ng nakararami.

Sila ay walang alinlangang sumulong sa gitna ng bagyo upang tulongan ang ating mga kababayan sa Guiuan, Eastern Samar, ang unang bayan na sinalanta ng bagyong "Yolanda."

Bago pa dumating ang bagyong "Yolanda," kaagad nagpalabas ng red alert status at naghanda ng deployment plan si Lt. Col. Manolito F. Montiel upang matugunan ang pangangailangan ng mga bayan ng Eastern Samar na posibleng maapektuhan ng bagyo. Ang bagyong "Yolanda" ay inaasahang tumama sa bayan ng Guiuan noong ika-7 ng Nobyembre 2013, kaya naman kaagad tumuloy ang squad na pinangungunahan ni Cpl. Emerson P. Mendoza sa Guiuan upang masiguro ang kaligtasan ng mga mamamayan sa lugar.

Habang ang karamihan sa atin ay nangangamba sa pagdating ng bagyong "Yolanda," ang squad ni Corporal Mendoza ay masigasig na nagmamatyag sa nagbabadyang panganib mula sa municipal building ng Guiuan.

Madaling araw ng ika-8 ng Nobyembre, bandang alas tres y medya ng umaga (3:30 a.m.), humagupit ang bagyong "Yolanda" sa bayan ng Guiuan. Ang lupit ng lakas ni "Yolanda" ay walang habas na sumira sa mga tahanan, daan, linya ng komunikasyon at iba't ibang imprastruktura na kaniyang nadaanan.

Ang lawak ng pinsalang hatid ng bagyong "Yolanda" sa bayan ng Guiuan ay hindi naging

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hadlang sa squad ni Corporal Mendoza, na binubuo lamang ng sampung katao. Noong ika-11 ng Nobyembre na lamang nakarating sa Guiuan ang reinforcement na tutulong sa squad. Sa loob ng tailong araw na nahihwalay ang bayan ng Guiuan, na walang makaabot na tulong o saklolo mula sa mga karatig na bayan, nakayanan ng squad ni Corporal Mendoza ang mapanatili ang kaligtasan, kapayapaan at kaayusan ng Guiuan.

Dahil sa mabilis na pagtugon ng squad ni Corporal Mendoza, naiwasan ang pinsala na maaari pang maganap, maraming buhay ang nasagip, at ang kanilang taos-pusong pagtulong sa mga nasalanta ay nagbigay pag-asa at ginhawa sa mga mamamayan ng Guiuan sa gitna ng isang matinding sakuna.

Sa kanilang kabayanihan, gusto ko pong ipakilala sina:

1. Cpl. Emerson P. Mendoza;
2. Pfc. Jomar Jay Radin;
3. Pfc. Michael G. Punzalan;
4. Pfc. Marlon F. Sarino;
5. Pfc. Elvin M. Hugo;
6. Pfc. Jay R. Obrar;
7. Pfc. Rando I. Soria;
8. Pfc. Richard D. Salanguste;
9. Pfc. Reynante D. Abuda; at
10. Pfc. Dalmacio S. Bonducan.

Sa ngalan po ng Sambayanang Pilipinas, maraming salamat po sa inyong kagitingan. Salamat sa pagiging pag-asa sa gitna ng paghihirap. Maraming buhay ang inyong nailigtas. Kayo ay nagsilbing inspirasyon at magandang halimbawa ng bayanihang Pilipino.

Kayo ay patunay na may magandang balita sa gitna ng mga pagsubok.

Sa mga bayaning Pilipino, maraming salamat po!

BINAY AMENDMENTS

As proposed by Senator Binay, there being no objection, the following amendments were approved by the Body, subject to style:

1. On the third whereas clause, replace the word "eight" with TEN, and add the names PFC REYNANTE D. ABUDA and PFC DALMACIO S. BONDUKAN as items 9 and 10, respectively; and
2. Accordingly on the resolutive clause, as suggested by the Chair, include the names

PFC REYNANTE D. ABUDA and PFC DALMACIO S. BONDUKAN.

TERMINATION OF THE PERIOD OF AMENDMENTS

There being no other amendment, upon motion of Senator Cayetano (A), there being no objection, the Body closed the period of amendments.

ADOPTION OF PROPOSED SENATE RESOLUTION NO. 415

Upon motion of Senator Cayetano (A), there being no objection, Proposed Senate Resolution No. 415 was adopted by the Body, subject to style.

PRIVILEGE SPEECH OF SENATOR SOTTO

Availing himself of the privilege hour, Senator Sotto spoke against the legalization of marijuana use because of its harmful effects on people.

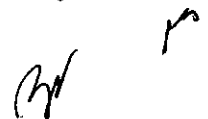
He recalled that when elements of the Manila Police District arrested a pedicab driver for the rape-slay of a six-year-old girl in Paco, Manila on January 22, 2014, the accused admitted smoking marijuana before he committed the crime. He said he could cite hundreds of other crimes committed under the influence of marijuana.

However, he said that on January 29, or just seven days after the rape-slay, some lawmakers from the House of Representatives proposed the legalization of marijuana use, ostensibly for medical purposes, claiming further that decriminalizing its possession would set free those serving prison terms for marijuana use and, thus, decongest the jails.

Senator Sotto stated that he was disturbed by the idea considering that putting pushers into jail itself has always been a very difficult task.

Senator Sotto stated that he was happy that upon checking with the Bills and Index Service of the Senate, there was no counterpart move to legalize marijuana use or possession. Thus, he said that at the onset of efforts to legalize marijuana use and possession, he was rising to douse cold water on this move because it would open the door to more dangerous drugs such as *shabu*, heroin and cocaine.

Senator Sotto explained that tetrahydrocannabinol (THC) is the major component of marijuana and that



according to the Office of the National Drug Control Policy of the U.S., this component affects the cannabinoid receptors in the human brain. He pointed out that those cannabinoid receptors in the brain influence pleasure, memory, thought, concentration, sensory and time perception, and coordinated movement.

Senator Sotto then cited the negative effects of THC, among which are short-term memory loss; distorted perception of sounds, sights, time and touch; hallucinations and delusions; reduced blood pressure; addiction with long-term use; sleeplessness; bad temper; anxiety; depression; schizophrenia; mental illness, vulnerability, and exposure to violence; respiratory problems; and brain development problems.

Senator Sotto said that under Republic Act 9165, or the Dangerous Drugs Act of 2002, marijuana is classified as a dangerous drug, the possession and use of which is punishable with 12 years up to life imprisonment, depending on the quantity.

Senator Sotto further explained that the Philippines is a signatory to the United Nations' Single Convention on Narcotic Drugs which classified marijuana as a dangerous drug. He also pointed out the inclusion of marijuana in the United Nations Commission on Narcotic Drugs (UN-CND) Schedule IV where the most dangerous drugs in the world are listed.

Senator Sotto disclosed that every year, there are numerous petitions asking the United Nations to legalize marijuana because of its so-called "medical benefits," and the United Nations has consistently refused to give in to such petitions because there are still no data that could support the claims. He added that he does not believe that the people who are lobbying for the legalization of marijuana are better than the powerful research machinery of the UN-CND.

Senator Sotto recalled that when he attended the Conference of the United Nations Office on Drugs and Crime (UNODC) in Vienna, Austria in 2008, the President of Bolivia announced his intent to legalize the use of the coca plant, the basic resource of the illegal drug cocaine, and that he even went to the extent of taking out some coca leaves from his pocket, chewed them in front of the UN Assembly, and told the delegates that there was no danger in coca plant because his grandmother had been chewing the coca plant. He said that the assembly dismissed the Bolivian President's tirade and the UNODC,

thereafter, announced that it has already conducted its own studies on cocaine and marijuana and advised those who seek their legalization to first prove the medical effects of their derivatives before convincing the UN to legalize it.

At this point, Senator Sotto enumerated some countries that have legalized the use of marijuana but are already having serious doubts about its advantages, to wit:

- Netherlands is already considering to prohibit the use of marijuana because its consumption has increased among the youth ages 18 to 20 years after it was legalized.
- Spain, which has the most relaxed laws on drugs in the world, is also proposing the ban in the cultivation of marijuana plants for personal use because of its widespread abuse and proven detrimental effects to human health. After legalizing the use of marijuana more than 20 years ago, Spain criminalized it five years after because of the rise in criminality attributed to its use. Spain allowed the planting of marijuana for personal use but its sale is declared illegal.
- Canada's Court of Appeals declared marijuana *per se* as illegal but allows the use of medical marijuana, particularly in British Columbia, when prescribed by doctors. However, many physicians in Canada have refused to prescribe medical marijuana because the benefits are not scientifically proven.

Senator Sotto said that a minor non-psychoactive ingredient of marijuana is a component called cannabidiol or CBD which is considered to have therapeutic benefits. He insisted that if, indeed, CBD has medical benefits, then CBD should be the only one legalized and only for medical purposes and the widespread use and cultivation of marijuana should remain illegal.*

Senator Sotto believed that the proposal to legalize the use of marijuana is misleading, camouflaging under the term "medical marijuana." He said that one cannot declare a nuclear bomb legal just because its small component could be used to light up a house. He added that although morphine, a derivative of opium poppy flower, is being used medically, it is also commonly known as the source of heroin, which is illegal all over the world. He explained that the sap

*As corrected by Senator Sotto on February 24, 2014.

of a poppy flower is collected, from which morphine is derived and used for medical purposes. Like morphine, he said, CBD could be used medically without legalizing marijuana use.

Senator Sotto cautioned against legalizing marijuana, believing that it would inevitably promote its use especially among the youth. He said that according to data obtained from the Dangerous Drugs Board, marijuana has consistently been the second most commonly abused substance next to *shabu* for several years now. He said that marijuana is already big business as it is, and could bring bigger business to drug pushers.

He reiterated that the use of marijuana would spell disaster and that no parent would allow his child to use marijuana or encourage its continued use. He then appealed against the legalization of marijuana other than for the possible use of CBD, the benefits of which have yet to be proven.

Senator Sotto said that he would leave a question for the Body to answer: If the use of marijuana would be harmful for most people, should a law be passed to benefit only a few?

Finally, Senator Sotto urged the Members of the Senate to stand up against the legalization of marijuana which would only allow evil to take root.

REFERRAL OF SPEECH TO COMMITTEE

Upon motion of Senator Cayetano (A), there being no objection, the Chair referred Senator Sotto's speech to the Committee on Public Order and Dangerous Drugs as the primary committee, and to the Committee on Justice and Human Rights as the secondary committee.

SUSPENSION OF SESSION

Upon motion of Senator Cayetano (A), the session was suspended for the presentation of the resolution of commendation by the Senate President.

It was 3:55 p.m.

RESUMPTION OF SESSION

At 3:59 p.m., the session was resumed.

ACKNOWLEDGMENT OF THE PRESENCE OF GUESTS

At this juncture, Senator Cayetano (A) acknowledged the presence of the banking and finance students from the National University, headed by Mr. Rolando Rodolfo.

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.

With the permission of the Body, Senator Cayetano (A) stated that Senator Aquino would introduce the committee amendments.

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

COMMITTEE AMENDMENTS

As proposed by Senator Aquino, there being no objection, the following committee amendments were approved by the Body, one after the other:

1. On page 3, line 19, delete the word "and" and insert a new subsection (r) to read:

(R) ENCOURAGE WOMEN ENTREPRENEURSHIP BY GIVING WOMEN ACCESS TO INFORMATION, SUPPORT, TRAINING AND CREDIT FACILITIES; AND;

2. Reletter the subsequent subsections accordingly;
3. On page 5, lines 20 and 22, delete the word "Start-up" and replace it with DEVELOPMENT;
4. On page 6, line 22, insert a new subsection (n) to read:

(N) COMMISSIONER OF THE PHILIPPINE COMMISSION ON WOMEN (PCW);

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5. Reletter the subsequent subsections accordingly;
6. On page 7, after line 25, insert the following new subsections to read:
 - (C) CONDUCT OF RESEARCHERS ON WOMEN ENTREPRENEURSHIP. – THE COUNCIL SHALL CONDUCT RESEARCHES TO SUPPORT WOMEN ENTREPRENEURSHIP INCLUDING BUT NOT LIMITED TO ENTREPRENEURIAL BEHAVIOR, BARRIERS, PARTICIPATION AND CESSATION RATES, DISCRIMINATORY PRACTICES AND CONTRIBUTION TO THE NATIONAL ECONOMY AND GROWTH.
 - (D) POLICY FORMULATION ON WOMEN ENTREPRENEURSHIP – PROVIDE POLICY DIRECTION TOWARDS RECOGNIZING WOMEN’S PROPENSITY IN DOING BUSINESS AND ENGAGING IN ENTREPRENEURSHIP; and
7. On page 8, line 9, after the word “continued,” insert the phrase AND PROGRESSIVE.

SUSPENSION OF SESSION

Upon motion of Senator Aquino, the session was suspended.

It was 4:04 p.m.

RESUMPTION OF SESSION

At 4:06 p.m., the session was resumed.

TERMINATION OF THE PERIOD OF COMMITTEE AMENDMENTS

Upon motion of Senator Aquino, there being no objection, the Body closed the period of committee amendments and proceeded to the period of individual amendments.

RECTO AMENDMENTS

As proposed by Senator Recto and accepted by the Sponsor, there being no objection, the Body approved the following amendments, one after the other:

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1. On line 4, after the word “creation,” insert a comma (,);

2. On line 5, replace the words “and production” with PRODUCTION AND TRADE;
3. On line 11, insert a new Section 3 to read:

SEC. 3. MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMEs) — MSMEs SHALL REFER TO ANY BUSINESS ENTITY OR ENTERPRISE ENGAGED IN INDUSTRY, PRODUCTION, PROCESSING OR MANUFACTURING OF PRODUCTS OR COMMODITIES, INCLUDING AGRO-BUSINESS, TRADING, AND SERVICES, WHETHER SINGLE PROPRIETORSHIP, COOPERATIVE, PARTNERSHIP OR CORPORATION WHOSE TOTAL ASSETS 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:

- MICRO – NOT MORE THAN P5,000,000
- SMALL – P5,000,001 TO P15,000,000
- MEDIUM – P15,000,001 TO P100,000,000

THE ABOVE CLASSIFICATION OF MSMEs SHALL BE SUBJECT TO REVIEW AND ADJUSTMENT BY THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) COUNCIL CREATED UNDER SECTION 6 OF REPUBLIC ACT NO.6977, AS AMENDED, TAKING INTO ACCOUNT CONSUMER PRICE INDEX (CPI) AND OTHER ECONOMIC INDICATORS. THE COUNCIL MAY USE OTHER VARIABLES SUCH AS NUMBER OF EMPLOYEES, EQUITY CAPITAL AND ASSETS SIZE;

4. On the same page, line 11, renumber Section 3 to “Section 4” and reword the entire section to read:

SEC. 4. ESTABLISHMENT OF NEGOSYO CENTERS. – THERE SHALL BE ESTABLISHED UNDER THE TECHNICAL SUPERVISION OF THE DEPARTMENT OF TRADE AND INDUSTRY (DTI) PROVINCIAL OFFICES, A “NEGOSYO CENTER” IN ALL CITIES AND MUNICIPALITIES. THE NEGOSYO CENTER SHALL PROMOTE EASE OF DOING BUSINESS AND PROVIDE ASSISTANCE IN THE AVAILMENT OF CREDIT, FINANCING, START-UP FUND AND OTHER EXTENSION SERVICES TO MSMEs WITHIN ITS JURISDICTION. THE MSMED COUNCIL, THROUGH THE REGIONAL OFFICES OF THE DTI, SHALL PERFORM OVERSIGHT FUNCTIONS OVER THE NEGOSYO CENTERS;

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Asked by Senator Aquino on the reason behind the use of the term "technical supervision," Senator Recto explained that DTI representatives are not found in the city or municipalities but only at the provincial level, and that based on his understanding of the intent of the Sponsor, the DTI would have technical supervision over Go Negosyo centers but the policy would be issued by the MSMED Council.

5. Renumber Section 4 as "Section 5";

Page 2

6. Reword lines 12 and 13 to read:

(B) STREAMLINE REGISTRATION PROCESSES AND FACILITATE GOVERNMENT PROCESSES RELATED TO THE ESTABLISHMENT OF MSMEs IN THE COUNTRY;

7. On the same page, lines 18 to 20, merge subsections (e) and (f) and reword accordingly to read:

(E) INTEGRATE A UNIFIED BUSINESS PROCESSING SYSTEMS FOR MSMEs AND MONITOR AND RECOMMEND IMPROVEMENTS THEREOF;

8. On the same page, line 21, reletter subsection (g) as subsection (F);
9. On line 23, merge subsection (h) and subsection (p) on page 3, lines 15 to 17, and reword accordingly to read:

(G) PROVIDE ALL INFORMATION AND REFERRAL SERVICES IT SHALL DEEM NECESSARY OR ESSENTIAL TO THE DEVELOPMENT AND PROMOTION OF MSMEs;

10. On the same page, line 24, reletter the following subsection accordingly;

Page 3

11. Merge subsections (j) and (k) on lines 1 to 5 with subsection (r) on lines 20 to 21 and reword accordingly to read:

(I) CONDUCT OTHER PROGRAMS OR PROJECTS FOR ENTREPRENEURIAL DEVELOPMENT IN THE COUNTRY CONSISTENT WITH THE MSME DEVELOPMENT PLAN;

12. On lines 6 and 7, reletter subsection (l) as subsection (j);
13. On lines 8 to 11, merge subsections (m) and (n) and reword it as a new subsection (k) to read:

(K) PROVIDE COURSES AND DEVELOPMENT PROGRAMS, TRAINING, ADVICE, CONSULTATION ON BUSINESS CONCEPTUALIZATION AND FEASIBILITY, FINANCING, MANAGEMENT, CAPABILITY BUILDING, HUMAN RESOURCES, MARKETING, AND SUCH OTHER SERVICES TO SUPPORT THE NEEDS OF MSMEs;

14. On line 12, reletter subsection(o) as subsection (l);
15. On line 18, reletter subsection (q) as subsection (m);
16. On line 22, renumber Section 5 as Section 6 and amend the entire section to read:

SEC. 6. BUSINESS APPLICATION AND REGISTRATION AS MSMEs. –

(A) BUSINESS APPLICATION

1. A UNIFIED AND SIMPLIFIED BUSINESS APPLICATION AND REGISTRATION FORM SHALL BE CREATED BY THE DTI AND SHALL BE MADE AVAILABLE IN ALL NEGOSYO CENTERS. THE UNIFIED BUSINESS APPLICATION AND REGISTRATION FORM SHALL CONTAIN ALL NECESSARY INFORMATION FOR THE BUSINESS APPLICATION AND REGISTRATION PROCESS OF MSMEs. THE DTI SHALL REGULARLY UPDATE AND MAINTAIN THE UNIFIED APPLICATION AND REGISTRATION FORMS.
2. SHOULD THE BUSINESS PERMITS AND LICENSING OFFICES OF THE LGUs FAIL TO PROCESS THE BUSINESS APPLICATION WITHIN FIFTEEN (15) DAYS, THE MSME SHALL BE DEEMED REGISTERED; PROVIDED, THAT THE REGISTRATION MAY BE REVOKED WITHIN THIRTY (30) DAYS, UPON DETERMINATION THAT THE MSME HAS NOT MET THE REQUIREMENTS.

(B) REGISTRATION TO AVAIL OF INCENTIVES AND BENEFITS

1. THE NEGOSYO CENTER IN EACH CITY OR MUNICIPALITY SHALL ISSUE A CERTIFICATE OF ELIGIBILITY TO ENABLE THE MSMEs TO AVAIL OF THE BENEFITS UNDER THIS ACT. ANY SUCH APPLICATION SHALL BE PROCESSED WITHIN FIFTEEN (15) WORKING DAYS UPON SUBMISSION

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OF COMPLETE DOCUMENTS. OTHERWISE, THE MSME SHALL BE DEEMED REGISTERED AND ELIGIBLE TO AVAIL OF THE INCENTIVES AND BENEFITS: *PROVIDED*, THAT THE CERTIFICATE OF ELIGIBILITY MAY BE REVOKED WITHIN THIRTY (30) DAYS, UPON DETERMINATION THAT THE MSME HAS NOT MET THE REQUIREMENTS.

2. TO DEFRAY THE ADMINISTRATIVE COSTS OF REGISTERING AND MONITORING THE MSMEs, THE NEGOSYO CENTERS MAY CHARGE A FEE NOT EXCEEDING ONE THOUSAND PESOS (P1,000.00). THE NEGOSYO CENTER SHALL THEN ISSUE A CERTIFICATE OF ELIGIBILITY FOR A PERIOD OF TWO (2) YEARS, RENEWABLE EVERY TWO (2) YEARS.

(C) PHILIPPINE BUSINESS REGISTRY DATABANK

1. A PHILIPPINE BUSINESS REGISTRY DATABANK (PBRD) SHALL BE ESTABLISHED UNDER THE DTI TO SERVE AS A REPOSITORY OF INFORMATION OF ALL BUSINESS ENTERPRISES IN THE PHILIPPINES.
2. THE INFORMATION NECESSARY FOR THE PBRD SHALL BE GENERATED AND COLLECTED THROUGH A DATA REGISTRY FORM TO BE ACCOMPLISHED BY MSMEs UPON REGISTRATION WHICH SHALL BE COLLATED, PROCESSED AND MAINTAINED BY THE NEGOSYO CENTERS LOCALLY AND THE MSMED COUNCIL AT THE NATIONAL LEVEL.
3. THE INFORMATION GENERATED BY THE PBRD SHALL BE SUBMITTED REGULARLY TO THE NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY (NEDA) FOR USE IN PLANNING, RESEARCH AND TECHNICAL STUDY. THE INFORMATION FROM THE PBRD SHALL BE USED TO SUPPORT BUSINESS DEVELOPMENT AND CAPABILITIES AND SKILLS TRAINING, ESPECIALLY AMONG MSMEs.

17. Insert a new Section 7 to read as follows:

SEC. 7. INCENTIVES AND BENEFITS. –

- A. MICRO ENTERPRISES: THE FOLLOWING INCENTIVES AND BENEFITS SHALL BE MADE AVAILABLE TO REGISTERED MICRO ENTERPRISES:

1. *EXEMPTION FROM INCOME TAX.* – ALL MICRO ENTERPRISES SHALL BE EXEMPT FROM THE PAYMENT OF INCOME TAX WITH RESPECT TO INCOME RECEIPT FROM THE OPERATIONS OF THE ENTERPRISE; AND
2. *EXEMPTION FROM THE COVERAGE OF THE MINIMUM WAGE LAW.* – ALL MICRO ENTERPRISES SHALL BE EXEMPT FROM THE COVERAGE OF THE MINIMUM WAGE LAW: *PROVIDED*, THAT ALL EMPLOYEES COVERED UNDER THIS ACT SHALL BE ENTITLED TO THE SAME BENEFITS GIVEN TO ANY REGULAR EMPLOYEE SUCH AS SOCIAL SECURITY, PAG-IBIG AND HEALTHCARE BENEFITS.

- B. SMALL AND MEDIUM ENTERPRISES. – REGISTERED SMALL AND MEDIUM ENTERPRISES WHICH SHALL HIRE ADDITIONAL EMPLOYEES SUBSEQUENT TO ITS REGISTRATION UNDER THIS ACT, SHALL BE ALLOWED A DEDUCTION FROM ITS GROSS INCOME IN THE AMOUNT OF FORTY THOUSAND PESOS (P40,000.00) FOR EACH NEW EMPLOYEE HIRED IN A GIVEN TAXABLE YEAR; *PROVIDED*, THAT THE MAXIMUM ALLOWABLE DEDUCTION FROM GROSS INCOME SHALL NOT EXCEED EIGHTY THOUSAND PESOS (P80,000.00); *PROVIDED, FURTHER*, THAT THE EMPLOYMENT MUST BE CONTINUOUS FOR A PERIOD OF AT LEAST ONE (1) YEAR; *PROVIDED, FINALLY*, THAT INCENTIVES WILL NO LONGER BE APPLICABLE UPON THE TERMINATION OF THE EMPLOYEE. THIS INCENTIVE CAN ONLY BE AVAILED OF FOR A PERIOD OF FIVE (5) YEARS FROM THE EFFECTIVITY OF THIS ACT.

- C. MICRO, SMALL AND MEDIUM ENTERPRISES. – IN ADDITION TO THE ABOVE INCENTIVES, MSMEs SHALL BE ENTITLED TO THE FOLLOWING:

1. *EXEMPTION FROM VALUE ADDED TAX (VAT) AND OTHER PERCENTAGE TAX.* – REGISTERED MSMEs WHOSE SALE OR LEASE OF GOODS OR PROPERTIES OR THE PERFORMANCE OF SERVICES OTHER THAN THE TRANSACTIONS ENUMERATED UNDER

SECTION 109 (1) OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, THE GROSS ANNUAL SALES AND/OR RECEIPTS DO NOT EXCEED THREE MILLION PESOS (P3,000,000.00) SHALL BE EXEMPT FROM THE VALUE-ADDED TAX AND PERCENTAGE TAX UNDER SECTION 116 OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED: *PROVIDED*, THAT NOT LATER THAN THREE (3) YEARS AFTER THE EFFECTIVITY OF THIS ACT, AND EVERY THREE (3) YEARS THEREAFTER, THE SECRETARY OF FINANCE SHALL ADJUST THE AMOUNT HEREIN STATED TO ITS PRESENT VALUE USING THE CONSUMER PRICE INDEX, AS PUBLISHED BY THE NATIONAL STATISTICS OFFICE (NSO).

REGISTERED MSMEs ARE NOT REQUIRED TO COMPLY WITH THE REGISTRATION AND COMPLIANCE REQUIREMENTS FOR VALUE-ADDED TAX AND PERCENTAGE TAX UNDER PERTINENT PROVISIONS OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED; AND

2. *REDUCED LOCAL TAXES AND FEES.* – LGUs ARE ENCOURAGED EITHER TO REDUCE THE AMOUNT OF APPLICABLE LOCAL TAXES, FEES AND CHARGES IMPOSED OR TO EXEMPT THE MSMEs FROM THE PAYMENT OF LOCAL TAXES, FEES AND CHARGES.

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18. On line 20, renumber Section 6 as Section 8 and replace it with a new provision to read:

SEC. 8. *FINANCING FOR MSMEs.* – UPON APPROVAL OF THIS ACT, THE LAND BANK OF THE PHILIPPINES (LBP), THE DEVELOPMENT BANK OF THE PHILIPPINES (DBP), THE SMALL BUSINESS CORPORATION (SBC), AND THE PEOPLE'S CREDIT AND FINANCE CORPORATION (PCFC) SHALL SET UP A CREDIT WINDOW THAT WILL SERVICE THE START-UP, FINANCING, AND DEVELOPMENT NEEDS OF MSMEs REGISTERED UNDER THIS ACT

CONSISTENT WITH THE BANGKO SENTRAL NG PILIPINAS (BSP) POLICIES, RULES AND REGULATIONS. THE FINANCIAL INSTITUTIONS (FIs) CONCERNED ARE ENCOURAGED TO LEND DIRECTLY TO MSMEs OR WHOLESALE FUNDS TO ACCREDITED PRIVATE FINANCIAL INSTITUTIONS WHICH, IN TURN, WILL DIRECTLY PROVIDE CREDIT SUPPORT TO MSMEs.

ALL LOANS FROM THE FIs CONCERNED TO MSMEs UNDER THIS ACT SHALL BE CONSIDERED AS PART OF ALTERNATIVE COMPLIANCE TO PRESIDENTIAL DECREE NO. 717, OTHERWISE KNOWN AS THE AGRI-AGRA LAW, OR TO REPUBLIC ACT NO. 6977, KNOWN AS THE MAGNA CARTA FOR SMALL AND MEDIUM ENTERPRISES, AS AMENDED. FOR PURPOSES OF COMPLIANCE WITH PRESIDENTIAL DECREE NO. 717 AND REPUBLIC ACT NO. 6977, AS AMENDED, LOANS GRANTED TO MSMEs UNDER THIS ACT SHALL BE COMPUTED AT TWICE THE AMOUNT OF THE FACE VALUE OF THE LOANS.

ALL EXISTING LAWS TO THE CONTRARY NOTWITHSTANDING, INTERESTS, COMMISSIONS AND DISCOUNTS DERIVED FROM THE LOANS BY THE LBP, DBP, PCFC AND SBC GRANTED TO MSMEs UNDER THIS ACT SHALL BE EXEMPT FROM GROSS TAX RECEIPTS (GRT).

TO MINIMIZE THE RISKS IN LENDING TO THE MSMEs, THE SBC AND THE QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION (QUEDANCOR) UNDER THE DEPARTMENT OF AGRICULTURE, IN CASE OF AGRI-BUSINESS ACTIVITIES, SHALL SETUP A GUARANTEE WINDOW TO PROVIDE THE NECESSARY CREDIT GUARANTEE TO MSMEs UNDER THEIR RESPECTIVE GUARANTEE PROGRAMS.

THE LBP, DBP, SBC AND QUEDANCOR SHALL ANNUALLY REPORT TO THE MSMED COUNCIL, THE NEDA AND THE APPROPRIATE COMMITTEES OF BOTH HOUSES OF CONGRESS ON THE STATUS OF THE IMPLEMENTATION OF THIS PROVISION.

THE BSP SHALL FORMULATE THE RULES FOR THE IMPLEMENTATION OF THIS PROVISION AND SHALL LIKEWISE ESTABLISH INCENTIVE PROGRAMS TO ENCOURAGE AND IMPROVE CREDIT DELIVERY TO THE MSMEs.

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SUSPENSION OF SESSION

Upon motion of Senator Aquino, the session was suspended.

It was 4:25 p.m.

RESUMPTION OF SESSION

At 4:27 p.m., the session was resumed.

Upon resumption, as proposed by Senator Aquino and accepted by Senator Recto, the Body approved, subject to style, to indicate that other public financial institutions are not excluded and to include cooperatives that are engaged in lending under the enumeration of private financial institutions.

The Chair proposed that the exact wording of the section with the inclusion of the provisions suggested by Senator Aquino be included in the amendment that will be presented as a final amendment.

Senator Recto requested the staff to craft the amendments so that he can propose the other amendments in the meantime.

SUSPENSION OF SESSION

Upon motion of Senator Aquino, the session was suspended.

It was 4:29 p.m.

RESUMPTION OF SESSION

At 4:30 p.m., the session was resumed.

Senator Recto read Section 8 as amended by Senator Aquino, to wit:

SEC. 8. FINANCING FOR MSMEs. – Upon approval of this Act, the Land Bank of the Philippines (LBP), the Development Bank of the Philippines (DBP), the Small Business Corporation (SBC), and the People's Credit and Finance Corporation (PCFC) AND OTHER PUBLIC FINANCIAL INSTITUTIONS shall set up a credit window that will service the start-up, financing, and development needs of MSMEs registered under this Act consistent with the *Bangko Sentral ng Pilipinas* (BSP) policies, rules and regulations. The Financial Institutions (FIs) concerned are encouraged to lend directly

to MSMEs or wholesale funds to COOPERATIVES AND TO accredited private financial institutions SUCH AS RURAL BANKS, THRIFT BANKS AND MICRO FINANCE INSTITUTIONS which in turn, will directly provide credit support to MSMEs.

RECTO AMENDMENTS

As proposed by Senator Recto and accepted by the Sponsor, there being no objection, the Body approved following amendments, one after the other:

1. On the same page, insert a new Section 9, to read:

SEC. 9. MANDATORY ALLOCATION OF CREDIT RESOURCES TO MSMEs. – FOR A PERIOD OF TEN (10) YEARS FROM THE DATE OF THE EFFECTIVITY OF THIS ACT, ALL PUBLIC LENDING INSTITUTIONS AS DEFINED UNDER THE BANGKO SENTRAL NG PILIPINAS RULES, SHALL SET ASIDE AT LEAST THIRTY PERCENT (30%) FOR MSMEs OF THEIR TOTAL LOAN PORTFOLIO BASED ON THEIR BALANCE SHEET AS OF THE END OF THE PREVIOUS QUARTER, AND MAKE IT AVAILABLE FOR MSME CREDIT.

ANY EXISTING LAWS TO THE CONTRARY NOTWITHSTANDING, INTERESTS, COMMISSIONS AND DISCOUNTS DERIVED FROM THE LOANS BY ALL PUBLIC LENDING INSTITUTIONS GRANTED TO MSMEs UNDER THIS ACT SHALL BE EXEMPT FROM GROSS RECEIPTS TAX (GRT).

2. Insert a new Section 10, to read:

SEC. 10. TECHNOLOGY TRANSFER, PRODUCTION AND MANAGEMENT TRAINING, AND MARKETING ASSISTANCE. – THE NEGOSYO CENTERS SHALL PROVIDE ASSISTANCE TO MSMEs IN THE AVAILMENT OF TECHNOLOGY TRANSFER, PRODUCTION AND MANAGEMENT TRAINING PROGRAMS AND MARKETING ASSISTANCE OF THE DTI, DEPARTMENT OF SCIENCE AND TECHNOLOGY (DOST), UNIVERSITY OF THE PHILIPPINES-INSTITUTE FOR SMALL-SCALE INDUSTRIES (UP-ISSI), COOPERATIVE DEVELOPMENT AUTHORITY (CDA), TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY (TESDA) AND OTHER AGENCIES CONCERNED.

3. On line 26, renumber Section 7 as Section 11 and amend the provision to read:

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SEC. 11. COMPOSITION OF THE MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT COUNCIL (MSMED). – TO ENSURE GREATER REPRESENTATION BY THE SECTORS INVOLVED, THE MEMBERS OF THE COUNCIL SHALL BE THE FOLLOWING:

- A) SECRETARY OF TRADE AND INDUSTRY AS CHAIRMAN;
- B) PRESIDENT OF THE DEVELOPMENT BANK OF THE PHILIPPINES AS VICE CHAIRMAN;
- C) SECRETARY OF AGRICULTURE;
- D) SECRETARY OF THE INTERIOR AND LOCAL GOVERNMENT (DILG);
- E) SECRETARY OF SCIENCE AND TECHNOLOGY;
- F) DIRECTOR GENERAL OF NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY;
- G) GOVERNOR OF THE *BANGKO SENTRAL NG PILIPINAS*;
- H) CHAIRMAN OF SMALL BUSINESS CORPORATION;
- I) CHAIRMAN OF PEOPLE'S CREDIT AND FINANCE CORPORATION;
- J) PRESIDENT OF THE LAND BANK OF THE PHILIPPINES;
- K) THREE (3) REPRESENTATIVES FROM THE MSME SECTOR TO REPRESENT LUZON, VISAYAS, AND MINDANAO WITH AT LEAST ONE REPRESENTATIVE FROM THE MICRO ENTERPRISE SECTOR; AND
- L) A REPRESENTATIVE FROM THE PRIVATE BANKING SECTOR TO SERVE ALTERNATIVELY BETWEEN THE CHAMBER OF THRIFT BANKS AND THE RURAL BANKER'S ASSOCIATION OF THE PHILIPPINES (RBAP);

SUSPENSION OF SESSION

Upon motion of Senator Aquino, the session was suspended.

It was 4:35 p.m.

RESUMPTION OF SESSION

At 4:36 p.m., the session was resumed.

Senator Aquino stated that earlier, he proposed amendments to include a representative from the youth sector to focus on promoting youth entrepreneurship, a representative from the microfinance non-government organizations, and a commissioner from the Philippine Commission on Women.

Senator Recto posed no objection to the amendments.

At this juncture, Senator Aquino read the amended version of Section No. 11 on the Composition of the Micro, Small and Medium Enterprises Development (MSMED) Council, to wit:

- (a) SECRETARY OF TRADE AND INDUSTRY AS CHAIRMAN;
- (b) PRESIDENT OF THE DEVELOPMENT BANK OF THE PHILIPPINES AS VICE CHAIRMAN;
- (c) SECRETARY OF AGRICULTURE;
- (d) SECRETARY OF THE INTERIOR AND LOCAL GOVERNMENT (DILG);
- (e) SECRETARY OF SCIENCE AND TECHNOLOGY;
- (f) DIRECTOR GENERAL OF NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY;
- (g) GOVERNOR OF THE *BANGKO SENTRAL NG PILIPINAS*;
- (h) CHAIRMAN OF SMALL BUSINESS CORPORATION;
- (i) CHAIRMAN OF PEOPLE'S CREDIT AND FINANCE CORPORATION;
- (j) PRESIDENT OF THE LAND BANK OF THE PHILIPPINES;
- (k) THREE REPRESENTATIVES FROM THE MSME SECTOR TO REPRESENT LUZON, VISAYAS, AND MINDANAO WITH AT LEAST ONE REPRESENTATIVE FROM THE MICRO ENTERPRISE SECTOR;
- (l) A REPRESENTATIVE FROM THE PRIVATE BANKING SECTOR TO SERVE ALTERNATIVELY BETWEEN THE CHAMBER OF THRIFT BANKS AND RURAL BANKER'S ASSOCIATION OF THE PHILIPPINES (RBAP);

[Handwritten signatures]

- (m) A REPRESENTATIVE OF MICRO-FINANCE NON-GOVERNMENT ORGANIZATIONS;
- (n) A REPRESENTATIVE FROM THE YOUTH SECTOR TO FOCUS ON THE PROMOTION OF YOUTH ENTREPRENEURSHIP; AND
- (o) ONE OF THE COMMISSIONERS IN THE PHILIPPINE COMMISSION ON WOMEN TO FOCUS ON WOMEN ENTREPRENEURSHIP.

Sente President Drilon suggested the deletion of the words describing the mandates of the members. Senator Aquino accepted the suggestion.

Asked by the Senate President how many would compose the Council, Senator Recto replied that in the original committee report, there were 18 members but with the amendment, the composition was reduced to 17 members. Admitting that there could be difficulty in getting a quorum with too many members, he assured that the composition could be amended during the bicameral conference.

SUSPENSION OF SESSION

Upon motion of Senator Aquino, the session was suspended.

It was 4:40 p.m.

RESUMPTION OF SESSION

At 4:41 p.m., the session was resumed.

There being no objection, the Recto amendment, as amended, was approved by the Body.

Senate President Drilon instructed the Secretariat to reflect in the *Record of the Senate* and *Journal* the exclusion of all references to mandate of council members.

RECTO AMENDMENTS
(Continuation)

As proposed by Senator Recto and accepted by the Sponsor, there being no objection, the following amendments were approved by the Body, one after the other:

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1. On line 5, renumber "Section 8" as SECTION 12;
2. On the same page, after line 25, insert a new paragraph (e), to read as follows:
 - (E) *DEVELOPMENT OF ENTREPRENEURIAL EDUCATION AND TRAINING* — THE MSMED COUNCIL SHALL DEVELOP, IN COORDINATION WITH THE DEPARTMENT OF EDUCATION, TESDA AND CHED, A COURSE CURRICULUM OR TRAINING PROGRAM IN ENTREPRENEURSHIP THAT WILL PROMOTE ENTREPRENEURIAL CULTURE AND COMPETENCE. ENTREPRENEURSHIP SHALL BE INTEGRATED IN THE CURRICULUM OF EDUCATIONAL AND TRAINING INSTITUTIONS IN ALL LEVELS.

Page 8

3. On line 1, renumber "Section 9" as SECTION 13 and thereafter reword the whole section, to read as follows:

SEC. 13. *INFORMATION DISSEMINATION*. — THE PHILIPPINE INFORMATION AGENCY, IN COORDINATION WITH THE DTI AND THE DILG, SHALL ENSURE THE PROPER AND ADEQUATE INFORMATION DISSEMINATION OF THE CONTENTS AND BENEFITS OF THIS ACT TO ALL CITIES, MUNICIPALITIES AND BARANGAYS;
4. On the same page, after Section 13, insert a new Section 14 and a new Section 15, to read as follows:

SEC 14. *PENAL CLAUSE*. — THE BSP SHALL IMPOSE ADMINISTRATIVE SANCTIONS AND OTHER PENALTIES ON PUBLIC FINANCIAL INSTITUTIONS FOR NON-COMPLIANCE WITH THE PROVISIONS OF THIS ACT, INCLUDING A FINE OF NOT LESS THAN P500,000;

SEC 15. *ANNUAL REPORT*. — THE DTI, BSP, DOLE AND DILG SHALL SUBMIT AN ANNUAL REPORT TO CONGRESS ON THE STATUS OF THE IMPLEMENTATION OF THIS ACT; and
5. Renumber the succeeding sections accordingly;
6. Reword the title of the bill, to read as follows:

AN ACT PROMOTING JOB GENERATION AND INCLUSIVE GROWTH BY PROVIDING INCENTIVES AND BENEFITS TO MICRO, SMALL AND MEDIUM ENTERPRISES.

MANIFESTATION OF SENATOR AQUINO

Senator Aquino expressed gratitude to Senator Recto for helping improve the measure and for clarifying some aspects of the bill. He also stated for the record that the committee amendments introduced earlier which provide some gender sensitivity and support for women entrepreneurship, were introduced by Senator Cayetano (P).

SUSPENSION OF SESSION

Upon motion of Senator Cayetano (A), the session was suspended.

It was 4:47 p.m.

RESUMPTION OF SESSION

At 4:48 p.m., the session was resumed.

MANIFESTATION OF SENATOR CAYETANO (A)

Senator Cayetano (A) stated that during the period of interpellations, he learned that the specific programs of DTI and other agencies were not yet integrated into the *Go Negosyo* centers despite the explanation that it would not only centralize the processing of information regarding business but would also bring the government and the knowledge for micro, small and medium enterprises closer to the people. He said that he was satisfied that his concerns were addressed through the amendments introduced by Senator Recto.

Senator Aquino admitted that there might be programs that cannot be feasibly housed in the *Go Negosyo* centers because of space or time but he assured that there would be venues for it. He agreed that the different activities and services of DTI for MSME development should be housed in the centers.

Senator Cayetano (A) said that he wanted to make sure that the activities would be carried out in the bill considering that Congress has approved the amount of P100 million for microfinance, even if it was a lot smaller than his proposal during the budget hearing of P500,000 to P1 billion per region as a conditional cash transfer for small businesses. He expressed hope that the government would decide not only to grant CCT for education but also for

small businesses so that the grassroots level could be reached and they would no longer have to secure loans from banks.

Senator Aquino stated that the DTI is currently the main body tasked with the development of MSMEs, providing the cities and municipalities with services which includes *Negosyo Caravan*, development of products, packaging, and shared services facilities which can be housed and rationalized in a center. Senator Cayetano (A) stated that both the national and local governments as well as the private sector should have an office that has the synergy. Senator Aquino agreed that the cooperation and participation of both the national and local governments and the private sector are needed for the center to function properly.

Senator Cayetano (A) stated that he fully supports the DTI's shared facilities considering that the DTI does not have a representative in the grassroots level, particularly in the city, municipality and barangay. He said that he expects that before the DTI implements projects for MSMEs, it would consult first with the center to ensure that it is giving the enterprises what they need.

As an example, Senator Cayetano (A) cited the *kalamay* business in Alburquerque, Bohol. He said that about 100 kilos of *kalamay* are being sold by 10 people per day, each day with different sellers who belong to the same association. He said that they could not go over 100 kilos because they do not use preservatives. He disclosed that when he showed them an equipment for meat-processing that an NGO gave, the people said that they could make *longganisa* with it; however, the DTI instead gave P300,000 worth of equipment for making *kalamay*. Although the assistance was well-taken, he said that the people were not given the chance to expand the business. He hoped that the *Negosyo* Center would give feedback to the DTI so that the department would know how to properly use the budget for MSMEs.

Senator Aquino stated that one of the functions of the *Negosyo* Center is to provide the proper market information. He explained that the purpose of having a *Negosyo* Center is to link up the support on a regional and national level. He pointed out the clustering approach of the NEDA in supporting the different economies in different parts of the country. He maintained that the focus should be what could

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be sold in the market. He said that this mindset, as opposed to a production mindset, presumes that there is market information. He admitted that the MSMEs do not always have the best market information because their view is quite local. He said that right market information and guidance would be crucial for them to increase their market. He reiterated that the heart of the Go *Negosyo* bill is to give the MSMEs the right information, support systems, financing, training, and marketing to ensure their growth.

Senator Cayetano (A) stated that this is the appropriate area where the administration could implement the concept of the bottom-up budgeting. He said that the *Negosyo* Center could submit their budget proposal through the LGUs until it reaches the national government so that it would be included in the General Appropriations Act.

TERMINATION OF THE PERIOD OF INDIVIDUAL AMENDMENTS

There being no other individual amendment, upon motion of Senator Cayetano (A), there being no objection, the Body closed the period of individual amendments.

APPROVAL OF SENATE BILL NO. 2046 ON SECOND READING

Submitted to a vote, there being no objection, Senate Bill No. 2046 was approved on Second Reading.

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.

COSPONSORS

At the instance of Senator Cayetano (A), all Members present were made cosponsors of Senate Bill No. 2046.

ACKNOWLEDGMENT OF THE PRESENCE OF GUESTS

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

- Batch 65 and 69 of the *Colegio de Nuestra Señora Del Buen Consejo*, Pasig City; and
- Students of St. John’s Institute, Bacolod City.

Senate President Drilon welcomed the guests to the Senate.

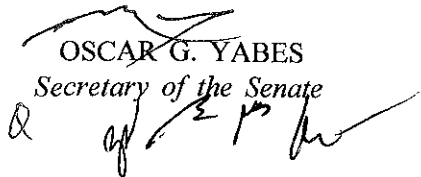
ADJOURNMENT OF SESSION

Upon motion of Senator Cayetano (A), there being no objection, the Chair declared the session adjourned until three o’clock in the afternoon of Monday, February 24, 2014.

It was 5:01 p.m.

I hereby certify to the correctness of the foregoing.

OSCAR G. YABES
 Secretary of the Senate



Approved on February 24, 2014