



REPUBLIC OF THE PHILIPPINES

S e n a t e

Pasay City

Journal

SESSION NO. 33

Tuesday, November 9, 2004

**THIRTEENTH CONGRESS
FIRST REGULAR SESSION**

SESSION NO. 33
Tuesday, November 9, 2004

CALL TO ORDER

At 3:39 p.m., the Senate President, Hon. Franklin M. Drilon, called the session to order.

Lacson, P. M.	Pangilinan, F. N.
Lapid, M. L. M.	Pimentel Jr., A. Q.
Lim, A. S.	Revilla Jr., R. B.
Magsaysay Jr., R. B.	Roxas, M.

PRAYER

Sen. Juan M. Flavier led the prayer, to wit:

Our Heavenly Father, from whom all blessings flow, we thankfully turn to You, God, for guidance. We listen in the stillness to Your wisdom already in our hearts and we know what to do.

Dear God, Your love fills our heart and Your light guides our steps. In all we do, we acknowledge You and give thanks for Your wisdom, strength and peace within.

In the awareness of Your constant presence within us, God, we listen for the direction that guides us and makes our way sure.

You, dear God, are the light that shines on our path. Your light gives us insight and understanding that help us make wise decisions.

God, You are our source of wisdom. Your spirit guides us. Your love enfolds us, and Your light inspires us.

Amen.

ROLL CALL

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

Arroyo, J. P.	Ejercito Estrada, L. L. P.
Defensor Santiago, M.	Enrile, J. P.
Drilon, F. M.	Flavier, J. M.
Ejercito Estrada, J.	Gordon, R. J.

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

Senators Angara, Osmeña and Villar arrived after the roll call.

Senators Biazon and Cayetano were on official mission.

Senators Madrigal and Recto were absent, the former on account of illness.

APPROVAL OF THE JOURNAL

Upon motion of Senator Pangilinan, there being no objection, the Body dispensed with the reading of the Journal of Session No. 32 and considered it approved.

REFERENCE OF BUSINESS

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

**MESSAGE OF THE PRESIDENT
OF THE PHILIPPINES**

Letter of Her Excellency, President Gloria Macapagal Arroyo dated November 4, 2004, certifying to the necessity of the immediate enactment of Senate Bill No. 1837, entitled

AN ACT EXTENDING THE UTILIZATION PERIOD OF THE AGRICULTURAL COMPETITIVENESS ENHANCEMENT FUND, AMENDING FOR THIS PURPOSE SECTION 8 OF REPUBLIC ACT NO. 8178,

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ENTITLED "AN ACT REPLACING QUANTITATIVE IMPORT RESTRICTIONS ON AGRICULTURAL PRODUCTS, EXCEPT RICE, WITH TARIFFS, CREATING THE AGRICULTURAL COMPETITIVENESS FUND" AND FOR OTHER PURPOSES,

to address the urgent need of strengthening the intent of R.A. 8178 by extending the utilization period of the Agricultural Competitiveness Enhancement Fund (ACEF) from the mandated nine years to the proposed fifteen years to help provide farmers, fisherfolk and other agricultural workers access to other sources of funds for their enhancement activities.

To the Committee on Rules

RESOLUTION

Proposed Senate Resolution No. 125, entitled

RESOLUTION DIRECTING THE SENATE COMMITTEE ON PUBLIC ORDER AND ILLEGAL DRUGS TO CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, ON DRUGS OF SHABU CHEMICALS ALLEGEDLY LEFT INSIDE A FORMER SHABU WAREHOUSE IN VILLA LIWAYWAY, MAYSAN, VALENZUELA WHICH HAS BEEN THE SUBJECT OF COMPLAINTS OF RESIDENTS, WITH THE END VIEW OF IDENTIFYING OTHER DANGEROUS DRUGS WAREHOUSES IN THE COUNTRY AND RECOMMENDING THE EFFECTIVE IMPLEMENTATION AND/OR POSSIBLE AMENDMENT OF REPUBLIC ACT NO. 9165

Introduced by Senator Villar Jr.

**To the Committee on Public Order and
Illegal Drugs**

ADDITIONAL REFERENCE OF BUSINESS

RESOLUTION

Proposed Senate Resolution No. 126, entitled

RESOLUTION DIRECTING THE SENATE COMMITTEE ON HEALTH AND DEMOGRAPHY TO INVESTIGATE, IN AID OF LEGISLATION, THE ALLEGED USE OF EXPIRED DRUGS AND MEDICINES IN MILITARY HOSPITALS BY THE ARMED FORCES OF THE PHILIPPINES

Introduced by Senator Luisa "Loi" P. Ejercito Estrada

**To the Committees on Health and
Demography; and National Defense and
Security**

COMMUNICATION

Letter from Deputy Executive Secretary for Legal Affairs Manuel B. Gaite of the Office of the President of the Philippines, transmitting to the Senate two (2) original copies of the following republic acts which were approved and signed on 7 August 2004 by Her Excellency, President Gloria Macapagal Arroyo:

Republic Act No. 9312, entitled

AN ACT CONVERTING THE EASTERN SAMAR STATE UNIVERSITY (ESSC) INTO A STATE UNIVERSITY TO BE KNOWN AS THE EASTERN SAMAR STATE UNIVERSITY, INTEGRATING THEREWITH THE MAYDOLONG NATIONAL AGRICULTURAL SCHOOL IN THE MUNICIPALITY OF MAYDOLONG, PROVINCE OF EASTERN SAMAR AND APPROPRIATING FUNDS THEREFOR;

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Republic Act No. 9313, entitled

AN ACT CONVERTING THE SAMAR STATE POLYTECHNIC COLLEGE IN THE MUNICIPALITY OF CATBALOGAN, PROVINCE OF SAMAR INTO A STATE UNIVERSITY TO BE KNOWN AS THE SAMAR STATE UNIVERSITY, INTEGRATING THEREWITH THE WRIGHT VOCATIONAL SCHOOL IN PARANAS, SAMAR, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES;

and Republic Act No. 9314, entitled

AN ACT CONVERTING THE BATANES POLYTECHNIC COLLEGE IN THE MUNICIPALITY OF BASCO, PROVINCE OF BATANES INTO A STATE COLLEGE TO BE KNOWN AS THE BATANES STATE COLLEGE, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

To the Archives

**COMMITTEE REPORT NO. 4
ON SENATE BILL NO. 1745**

Upon motion of Senator Pangilinan, there being no objection, the Body considered, on Second Reading, Senate Bill No. 1745 (Committee Report No. 4), entitled

AN ACT PROVIDING FOR COMPENSATION TO THE VICTIMS OF HUMAN RIGHTS VIOLATIONS DURING THE REGIME OF FORMER PRESIDENT FERDINAND MARCOS, DOCUMENTATION OF SAID VIOLATIONS, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES.

Pursuant to Section 67, Rule XXIII of the Rules of the Senate, with the permission of the Body, upon motion of Senator Pangilinan, only the title of the bill was read without prejudice to the insertion of its full text into the Record of the Senate.

Thereupon, the Chair recognized Senator Arroyo for the sponsorship.

REMARKS OF SENATOR ARROYO

As Chairman of the Committee on Justice and Human Rights, Senator Arroyo stated that it was his privilege to have Senator Pimentel deliver the sponsorship speech and Senator Osmeña, the cosponsorship speech, both having been victims of human rights violations — Senator Pimentel was incarcerated four times during the martial law years while Senator Osmeña was interned for five years.

**SPONSORSHIP SPEECH
OF SENATOR PIMENTEL**

In sponsoring Senate Bill No. 1745, Senator Pimentel delivered the following speech:

**LET'S COMPENSATE THE
VICTIMS OF MARTIAL RULE, NOW**

I rise to sponsor Committee Report No. 4 of the Committees of Justice and Human Rights; and Finance. The bills that led to the report of your committees were authored by Senators Joker Arroyo, Sergio Osmeña III, Ralph Recto and me.

Faith and duty impel me to stand before you today to sponsor this committee report that seeks mainly to provide compensation to the victims of human rights violations during the martial rule regime.

Faith

Faith, because I was certainly one of those who refused to pay obeisance to the altar of martial law and had to pay

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for my obstinacy with stints in military jails at various times during its existence.

Duty

And duty, because as this is my second consecutive term in this Chamber, I think my colleagues can understand why I believe we should write *finis* to the question of whether or not the victims of martial rule deserve compensation. Unless we do so now, we prolong the agony of those whose husbands, wives, sons, relatives and friends were arrested unjustly, detained indefinitely, tortured execrably and executed extrajudicially during the years of martial rule.

For a brief backgrounder, allow me to mention that President Ferdinand E. Marcos placed the country under martial rule on September 21, 1972. From day one of the implementation of his edict, thousands of the innocent and the not-too-innocent were rounded up by martial rule authorities and brought to heel by the authoritarian regime.

Class suit

After the ouster of Mr. Marcos in 1986, roughly 10,000 of the victims brought a class suit against the Marcoses for compensation in a court in Hawaii. Let me put on record that I did not join the class suit. I, therefore, do not stand to benefit from it. The reason I did not join the class suit is that I do not believe in suing anyone before a foreign court to answer for wrongdoing done to me in this country. Neither will I get any centavo from any amount that may be awarded to the victims of martial rule under this bill. I now make of record my disclaimer of any right to do so.

In any event, the Hawaii court awarded \$1.8 billion in that class suit as compensation for the human rights victims of martial rule. The money is to be taken from whatever assets of the

Marcoses that are recovered. Up to this point, sad to say, there is no evidence that any of the assets of the Marcoses have been pinpointed to answer for the payment of damages as ruled by the Hawaiian court. More within our reach, however, is the amount of some \$640 million of Marcos' money previously deposited in Swiss banks that has now been placed in escrow in Philippine banks with the assistance of Swiss authorities.

In short, once approved, this bill would give flesh and meaning to the constitutional guarantees that civil and political rights of the people shall be upheld by the State and that, as a corollary principle, the victims of the violations of those rights have every right to be compensated by the State.

Orderly process

The report under consideration needs the approval of our colleagues so that there would be an orderly process for the identification and, at least, a *prima facie* recognition of the human rights victims of martial rule.

So that we remove partisanship or other unworthy considerations from creeping into the process of compensating the victims, the report invests the Commission on Human Rights with the power to implement the law.

As an added safeguard against the compensation going to undeserving claimants, the report requires the Commission on Human Rights, the Philippine Commission on Good Government, the National Historical Institute and the University of the Philippines to submit a report to the President, Congress and the Supreme Court on how they have gone about discharging their respective duties in the matter of identifying and compensating the victims of martial rule.

Pains and anguish remain

The compensation that will go to the victims of martial law will not wipe out the pains – physical, mental, psychological – that had been inflicted upon those like Satur Ocampo, now a congressman of the Republic, or Dodong Nemenzo, now U.P. President, who both survived the torture and the abuses of the executors of martial rule, or the moral anguish of the surviving kin of the unlucky ones like Lilibosa Hilao or Eman Yap. But, at least, there will be an official, governmental acknowledgment that they should not have been so maltreated or extrajudicially eliminated by government authorities – martial rule or no martial rule.

In any event, while it is true that Mr. Marcos and his subalterns had publicly said that the torture and the physical abuse of martial rule detainees were not official policy, the truth is that hundreds of *unknowns*, people without connections in high places of government and communist rebels or sympathizers, were made to sit on blocks of ice for hours on end or stretched a la San Juanico bridge, meaning to say, only the top of their heads and the tip of their heels have support while they hanged precariously in that position or else they would be beaten black and blue with fists or with paddles or wooden sticks as was done to Alex Boncayao, yes, the same Alex Boncayao in whose honor the liquidation unit of the NPA is now named, or shocked by electricity with electrodes attached to their private parts as was done to Trining Herrera, the urban poor leader of Zone One, Tondo. And, after their arrests, hundreds also disappeared without trace from the so-called Safe Houses or from known military detention camps.

Indeed, it was not a “smiling martial rule” at all, for the victims of human rights violations in those parlous times. It was a snarling martial rule that emboldened vicious and inhuman officials to snuff out

the lives of so many innocent people and maimed the bodies of many others.

No brief for rebellion

This statement is not a brief for those who took up arms against the martial rule regime even if, arguably, they might have had reasons to do so. It is a statement against those who used barbaric methods to suppress the uprisings against the government. It is my position that no government can use against its own people the methods of terrorists to combat terrorism or the ways of barbarians to suppress rebellion or dissent, unless, of course, that government admits that it is not governed by the Rule of Law but by the Rule of the Gun as was the case of the martial rule government.

Now that martial rule is over, gone since 1986, it is time that those who had been victimized by cruel and inhuman treatment by the government should be compensated without further delay.

Expression of regret and hope

The compensation admittedly is but a small token, an expression of regret, really, for the excesses of martial rule. Still it is a material manifestation of hope and a spiritual prayer that what happened to our people under the edicts of martial rule would not happen again.

I, therefore, ask our colleagues to approve this report forthwith as it has been certified as urgent by the President.

SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

It was 3:56 p.m.

RESUMPTION OF SESSION

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

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Senator Pangilinan stated that Senator Osmeña would deliver his cosponsorship speech on the bill in the next day's session.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1745

Upon motion of Senator Pangilinan, there being no objection, the Body suspended consideration of the bill.

SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

It was 4:00 p.m.

RESUMPTION OF SESSION

At 4:01 p.m., the session was resumed.

COMMITTEE REPORT NO. 3 ON SENATE BILL NO. 1837

(Continuation)

Upon motion of Senator Pangilinan, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 1837 (Committee Report No. 3), entitled

AN ACT EXTENDING THE UTILIZATION PERIOD OF THE AGRICULTURAL COMPETITIVENESS ENHANCEMENT FUND, AMENDING FOR THIS PURPOSE SECTION 8 OF REPUBLIC ACT NO. 8178, ENTITLED "AN ACT REPLACING QUANTITATIVE IMPORT RESTRICTIONS ON AGRICULTURAL PRODUCTS, EXCEPT RICE, WITH TARIFFS, CREATING THE AGRICULTURAL COMPETITIVENESS FUND" AND FOR OTHER PURPOSES.

Senator Pangilinan stated that the parliamentary status was the period of interpellations.

Thereupon, the Chair recognized Senator Magsaysay, Sponsor of the measure, and Senator Enrile for his interpellation.

INTERPELLATION OF SENATOR ENRILE

Noting that President Macapagal Arroyo certified as urgent Senate Bill No. 1837 on November 4, Senator Enrile asked what public calamity or emergency would be addressed by the measure. Senator Magsaysay admitted that there is no public calamity or emergency to be addressed, but he recalled that in the last Congress, a similar bill was also certified by the President although it was not enacted into law because of more urgent measures. He said that the bill is equally vital because if it would not be enacted by early next year, Fund 183 would revert to the National Treasury, as a result of which, the farmers would no longer be able to access the Fund to make them more competitive.

On whether there is no immediate necessity to enact the bill as it could be done in due course, Senator Magsaysay replied that he would not mind if the bill took a backseat in the meantime to more important measures. However, he reminded the Body that its immediate approval would send a strong message to the people in the countryside and agricultural professionals that the national government is looking after their competitiveness in the light of globalization. He bemoaned that agricultural professionals are either shifting to other activities or leaving the country for better job opportunities abroad.

Senator Enrile pointed out that Section 2 of Republic Act No. 8178 enunciates the policy of the State, to wit: 1) make the country's agricultural sector viable, efficient and globally competitive; 2) use tariff in lieu of non-tariff import restrictions to protect local producers of agricultural products, except in the case of rice which will continue to have quantitative import restrictions, consistent with the constitutional mandate of protecting Filipino firms against unfair trade; 3) employ anti-dumping and countervailing measures to protect local producers from unfair trade practices, rather than use quantitative import restrictions; and 4) raise farm productivity level by providing the necessary support services such as, but not limited to, irrigation, farm-to-market roads, post-harvest equipment and facilities, credit research and development extension services and other market infrastructure and market information.

Senator Enrile stressed that the law was adopted as part of the safety net measures, the components of which are the anti-dumping and countervailing measures that he sponsored, to help the agricultural sector.

On whether the objectives to help the agricultural sector compete globally had been attained, Senator Magsaysay admitted that some of the objectives have been partially attained, as he informed the Body that it was only when Senator Osmeña (S) was elected chairman of the Senate Committee on Agriculture and Food and Senator Angara was appointed as the Secretary of Agriculture that the Agricultural Competitiveness Enhancement Fund was put together but it was only made available to the farming sector in 2000. He pointed out that of the P5.1 billion Fund, about P2.348 billion had already been used leaving an unallocated amount of P2.762 billion.

Asked how much of the P5.1 billion fund was allocated for irrigation, Senator Magsaysay replied that it was P2.387 million.

Queried why only P2.387 million was allotted to irrigation which is supposed to be a major component of agriculture, especially rice production, Senator Magsaysay replied that the budget for irrigation is under the National Irrigation Administration.

Senator Enrile argued that Congress precisely created the Fund to make irrigation a priority. Senator Magsaysay explained that since the funds for irrigation are actually part grant and part loan, the Executive Committee decided to be more strict and instead loaned the funds to the cooperatives to achieve cost effectiveness.

Senator Enrile maintained that under the law, the mandate of Congress is to improve the productivity of the agricultural sector by allotting money to irrigation, farm-to-market roads, post-harvest equipment and facilities, credit, research and development.

Asked how much was allotted for these agricultural concerns, Senator Magsaysay replied that for farm-to-market roads, P800,000 was allotted; for post-harvest equipment and facilities,

P93.675 million; for credit, P1.7 million; for extension and retraining, P719,000; and for other market infrastructure like silos and warehouses, P25.766 million.

Given that the Fund is to be generated out of the tariff imposed on the minimum access volume on imports, Senator Enrile asked how much the conversion fee was and if the imported sugar is being exported. Senator Magsaysay replied that the price of imported sugar is lower than the domestic sugar and the difference went into the Fund.

Senator Magsaysay affirmed the observations of Senator Enrile that sugar is classified depending on its use and that the country imports sugar from Thailand, Australia and Brazil, among others, which was used either for domestic consumption or for export to the U.S.

Asked on the result of the conversion, Senator Magsaysay replied that there was shortage of production although the trading partners have not complained so far.

Senator Enrile inquired why the proceeds of the conversion were allocated to the sugar industry rather than to the general fund that could be enjoyed by the whole agricultural sector. Senator Magsaysay replied that of the P1.1 billion proceeds, P600 million went to sugar projects under ACEF and the balance to other agricultural projects.

Asked on the purpose of allotting P600 million to the sugar industry which does not need any post-harvest facilities and equipment, Senator Magsaysay said that out of the P600 million, P239 million went to farm mechanization.

Queried how farm mechanization was done, considering that a fund was established from which sugar planters could borrow to buy equipment, Senator Magsaysay replied that farm equipment like tractors and harvesters were purchased by the SRA and allocated to the different sugar mill districts on a *pro-rata* basis based on production. He added that the milling districts are responsible for maintaining and repairing the equipment; and an inventory

was made so that all the equipment are accounted for.

Senator Enrile requested that he be given a report on the original number of equipment acquired, its deployment and status to determine whether the money raised from the sugar sector was wisely used. Senator Magsaysay replied that the committee would furnish the documents.

Asked how much acreage is planted to sugar, Senator Magsaysay replied that it is 280,000 hectares.

Senator Enrile recalled that when he was the chairman of the Philippine Coconut Authority, he was asked to authorize the use of the coconut levy to import farm machineries, but he refused the request because not everybody could use the equipment. He said that instead the money was used to organize the United Coconut Planters Bank.

Senator Magsaysay clarified that the bill is proposing that the present law be extended up to year 2015 because the banking aspect is part of the process of identifying the different sectors involved in agriculture, including cooperatives and corporations that need to access funds from Fund 138. He said that from the start, Landbank, on the regional level, has been part of the process.

On how many tractors were involved in the farm mechanization, Senator Magsaysay replied that there were 150 units as he added that there are 28 mill districts all over the country.

Asked on the present balance of the Fund, Senator Magsaysay reported that the balance of the unallocated fund is P2.762 billion.

Asked why the Fund was not used for the agricultural sector when it was supposed to be a part of the required safety nets when the country joined the WTO, Senator Magsaysay replied that the project proponents still have to go through the procedures.

Replying to further queries, Senator Magsaysay stated that the Fund is managed by the Department of Agriculture, and that the collected

amount of P5.1 billion is in the National Treasury.

Senator Enrile asked why the bill seeks to delete the provision identifying the specific purpose of the Fund. Senator Magsaysay informed the Body that the ACE Fund when loaned out has a 7-year life with a 2-year grace period and has to be repaid by the proponent so that future applications could be accommodated. He expressed the belief that grants should be removed to make the Fund more cost-effective to those who have met the loan qualifications. Basically, he said, it is like a local Official Development Assistance where there is no interest.

Asked by what authority the Department of Agriculture lends these funds and why there is no interest income accruing to the same, Senator Magsaysay explained that the implementing rules and regulations allow the use of the Fund partly as grant and partly as interest-free loan. He conceded that the implementers of the law through the IRR arrogated unto themselves the prerogative to change the manner by which Congress wanted the Fund to be utilized.

Citing the Electric Power Industry Reform Act, Senator Enrile observed that oftentimes, the bureaucracy authorized to execute the laws change the law and arrogate unto themselves the power of legislation because Congress was not careful enough to tell these agencies that they can only issue rules and regulations not inconsistent with the provisions of the law. He believed that it is time the Chamber went back to basics in delegating the power to issue rules and regulations to implement enactments of Congress.

At this juncture, Senator Osmeña adverted to page 2 of the bill which is Section 2 of RA 8178 and which provides how the Fund should be managed and sustained. Senator Enrile, however, pointed out that Section 2 of the law is the Declaration of Policy.

SUSPENSION OF SESSION

Upon motion of Senator Osmeña, the session was suspended.

It was 4:44 p.m.

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RESUMPTION OF SESSION

At 4:44 p.m., the session was resumed.

Senator Magsaysay explained that Section 2 of the bill should have been highlighted because it is a new provision not found in the original law.

Asked why the bill plans to divert the use of the Fund when the government has not accomplished the original purposes for which it was created, Senator Magsaysay said that the original law did not define whether the Fund should be used as a grant or an interest-free loan, which was the reason the IRR assumed that the loan should be both interest and collateral-free. However, Senator Enrile opined that if the law did not specify how the Fund is to be disposed, then, as it is part of the General Fund, its utilization should have been included in the General Appropriations Act and not kept in the vaults of the National Treasury to be lent out at the discretion of the Department of Agriculture. In reply, Senator Magsaysay adverted to Section 8 of RA 8178 which is the basis of Fund 183 and which directs the proceeds from the MAV to accrue to the General Fund and deposited with the National Treasury.

Senator Enrile pointed out that, precisely, the proceeds shall accrue to the General Fund and subject to the appropriating powers of Congress. He stressed that the General Appropriations Act should have reflected the use of the Fund through a special provision, for example, on the creation of the Congressional Oversight Committee on Agriculture and Fisheries Modernization (COCAFAM) for this purpose. He reiterated that the law did not authorize the lending of the Fund to anybody. Senator Magsaysay pointed out that the law states that the Fund could be used for "assistance."

Upon further queries, Senator Magsaysay said that the ACEF, along with the Agricultural and Fisheries Modernization Act (AFMA), was one of the few programs initiated by the Senate that focused on helping the agricultural sector beyond that given by the commercial banking sector. Moreover, he noted that the Fund has benefited diverse agricultural proponents: the hog and poultry industry, the sugar industry, a farmer's

cooperative in Nueva Vizcaya, and a group of carrageenan gatherers in Misamis.

Asked if Fund 183 is meant to be a trust fund for a special purpose or a General Fund available for any general purpose of the government, Senator Magsaysay replied that it is a special fund to be used for the objectives of the Agricultural Modernization Law.

But Senator Enrile questioned why the Fund is treated both as a General Fund and a trust fund. Senator Magsaysay conceded the bill's deficiency. He expressed willingness to accept an amendment at the proper time changing Fund 183 to a continuing trust fund for agriculture. He explained that he merely wanted to strengthen and sustain the Fund.

Noting that 85% of the Fund would be set aside for agri-based production, post-production and processing activities, Senator Enrile asked how these agri-based productions would benefit fishermen and farmers such as those in Cagayan province.

SUSPENSION OF SESSION

Upon motion of Senator Magsaysay, the session was suspended.

It was 4:58 p.m.

RESUMPTION OF SESSION

At 4:58 p.m., the session was resumed.

Upon resumption, Senator Enrile made reservation to continue his interpellation at a later date.

INTERPELLATION OF SENATOR EJERCITO ESTRADA (L.)

Adverting to Senator Magsaysay's sponsorship speech that one of the reasons for the low utilization of the Agricultural Competitiveness Enhancement Fund is the expenditure ceiling imposed by the Department of Budget and Management, Senator Ejercito Estrada (L) asked whether the DBM is legally justified to impose the ceiling when a law has already been enacted

for a specific purpose and considering that the ACEF has a limited life-span.

Senator Magsaysay replied that the DBM has the authority to impose the ceiling based on revenue flows. He noted that a lot of laws with fund allocation provisions cannot be implemented by the concerned agencies for lack of funds. He believed that Budget Secretary Boncodin has been going out of her way to ensure that projects that have been passed by the Execom are given priority in the release of the funds through the Landbank.

On the observation that the Executive department through the DBM could seriously hamper the implementation of projects dependent on ACEF to the prejudice of the beneficiaries of the Fund, Senator Magsaysay explained that the Fund was not utilized during the prescribed period 1996 to 2000 but in 2000 to present, leaving an unallocated amount of over P2.7 billion, for which he was proposing the extension of the Fund's life-span. He said that despite the scarcity of funds, the DBM has shown its support through the President's certification of the measure so that the rest of the funds will be disposed of as mandated by law. He pointed out that the DBM is controlling the release of the funds based on the need and priority since the income of the government is not enough.

Asked who would determine the projects eligible for funding by the Fund, Senator Magsaysay informed the Body that the regional executive teams composed of the Department of Agriculture, the Landbank, Quedancor, and members of the National Agriculture and Fisheries Council (NAFC) go over the applications of the project proponents and the papers are forwarded to the National Executive Committee which is co-chaired by the Secretary of Agriculture and the chairmen of the Committees on Agriculture of both Houses of Congress. He said that the Execom goes over the applications on a quarterly basis.

On whether there have been major developments in the farming operations of the 93 sugar projects and the 56 assisted projects, Senator Magsaysay replied in the affirmative, citing the orange plantation in Nueva Vizcaya and the

Lapu-lapu aqua farming in General Santos City where the beneficiaries have started to repay their interest-free loans. In addition, he said, the Fund is also being tapped for improving slaughterhouses especially with the recent passage of the National Meat Inspection Code. He mentioned that Naga City Mayor Jess Robredo, one of the early supporters of this effort, had teamed up with Beatrice Foods to improve the processing of meat, thus offering a higher livestock price to the hog raisers of Bicol region.

On another matter, Senator Ejercito Estrada noted that the ACEF's life-span of nine years will terminate in March 2005 but its targeted objectives have not been reached. She asked whether a ten-year extension would be enough to enable the Fund to reach its targets.

Senator Magsaysay replied that the proposition to extend ACEF's life-span is in conformity with the extension of the AFMA to 2015. He affirmed that a comprehensive study on the proposed extension was included in the report of the ACEF Council, copies of which were distributed to the senators last week.

Replying to further queries, Senator Magsaysay enumerated some of the approved ACEF projects, for which funds have not been released by the DBM: 1) improvement of greenhouses used in growing cutflower submitted by the Brooks Point Multipurpose Cooperative in Benguet – P50 million; 2) construction of various agricultural infrastructure in La Trinidad proposed by the La Trinidad Strawberry Multipurpose Cooperative in La Trinidad, Benguet – P25 million; 3) PhilRice in Muñoz, Nueva Ecija – P17 million; and 4) coffee revitalization project of the Cavite State University (CAVSU) in Silang, Cavite – P14.9 million. He disclosed that the funds for the said projects would be released in 2005. He added, however, that the proponents are continuing with their work without the ACEF support, although on a much lower scale.

INTERPELLATION OF SENATOR OSMEÑA

Senator Osmeña agreed with Senator Enrile that the entire proceeds of ACEF should be set aside and earmarked by Congress for certain types of

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projects and other forms of assistance and support for the agricultural sector. He posited that when the Department of Agriculture decided on how the proceeds should be expended, it in effect violated the law which does not mention "grant."

Upon further query, Senator Magsaysay replied that the Execom has the power to determine the projects that would be funded as stipulated in the IRR. He furnished Senator Osmeña with a copy of the IRR.

Queried when the Execom was organized, Senator Magsaysay replied that it was in the year 2000. Senator Osmeña stated that although he was the chairman of the COCAFAM that same year, he was never invited to the Execom meeting. Senator Magsaysay recalled that the Chief of Staff of the COCAFAM was authorized by the chairman to attend the Execom meeting.

On the matter of the funds disbursed by the Fund, Senator Magsaysay stated that the sugar support is in the form of grants given to the Sugar Regulatory Administration, while the 56 regular ACEF projects are noninterest-bearing loans. He affirmed that noninterest-bearing loans amounted to P1.748 billion and many of the loans were released in 2001, 2002 and 2003.

As regards the collection rate, Senator Magsaysay replied that it was 76%.

Senator Osmeña pointed out that in a letter dated September 16, 2004, addressed to Senator Magsaysay, DBM Secretary Boncodin stated that the current collection on the revolving fund amounted to only 1% of the total outstanding credit. Senator Magsaysay clarified that of the 56 projects, 34 are still ongoing and have a grace period of two years. He said that the 76% collection efficiency applied to the 22 projects whose accounts are current and that the 24% shortfall was primarily due to projects whose status is past due to date.

Asked how Secretary Boncodin came to the conclusion that current collection accounts to only about 1% of the total outstanding credit, Senator Magsaysay replied that the secretary based her calculations on the collection vis-a-vis the total amount of loans released which means that P17 million has been paid back.

Upon query, Senator Magsaysay replied that the balance of collection on the 22 loans is P5.918 million. He disclosed that the ACEF collections as of the end of June 2004 was P24,425,000; P18,506,000 has been actually repaid, leaving a balance of P5,918,000.

Asked if the amount loaned to the 22 projects are payable in 5 years, Senator Magsaysay replied that the loans are payable in 7 years.

Senator Osmeña opined that if the 7-year loans were given a grace period of two years without interest, and the repayment rate is 76%, the collection could total to P100 million.

Senator Magsaysay explained that the first due date was in the first quarter of 2002. He said that while P320,000 was expected to be paid, only P20,000 was paid.

SUSPENSION OF SESSION

Upon motion of Senator Magsaysay, the session was suspended.

It was 5:29 p.m.

RESUMPTION OF SESSION

At 5:34 p.m., the session was resumed.

At this juncture, Senator Osmeña requested a complete status report on the loans approved, extended, released, denied or indorsed by the Execom. Senator Magsaysay asked that his staff be given a few days to collate the data.

Senator Osmeña asked if, as a matter of policy, lending programs have been removed from the line departments and transferred to the Quedancor and other agencies. Senator Magsaysay said that there is a provision in the bill exempting the Fund. He added that it is the Landbank which releases the money.

Senator Osmeña expressed the belief that the Department of Agriculture is not geared to be a national lender because it does not have the expertise for such business. He cautioned that the *palakasan* system would come into play because the different sectors think that their

projects are more vital than the others. He said that the driving force should be their ability to repay.

Senator Magsaysay hoped that the Senate would address the issue of fitness and competence of the agencies handling the Fund. He added that at the proper time, he would welcome amendments to address the viability of project proposals.

Asked if the Fund would be better allocated for long-term funding of certain types of agricultural projects, Senator Magsaysay said that such an arrangement could be considered. However, he said that there are certain activities that would never pass the conventional "3Cs" in banking – character, collateral and cash. He added that in certain instances, loans were granted by Landbank and DBP on the basis that part of the projects was funded by the Fund.

Senator Osmeña doubted if the Execom or any individual, for that matter, would be competent enough to decide what projects are economically viable or not, for instance, between a tuna canning project or a mariculture project in Tigbauan and a tree-planting project in Agusan. He proposed that the determination of the economic viability of projects be assigned to such groups as the DBP that would grant loans to exceptionally meritorious projects, either making 50% of the loan interest-free, or 50%-100% collateral-free. He pointed out that such groups continuously look at all sorts of loan applications, thus, they are more familiar with what is economically viable or not, what loan would repay itself in future years, and what projects would not merit funding from a regular lender like a commercial bank but, under a special facility of the DBP, would qualify under certain guidelines.

Senator Magsaysay said that, in fact, Landbank is deeply involved with the Execom. He expressed the view that even DBP and a representative from the Bankers' Association of the Philippines could become part of the Execom to broaden the sources of funds.

Senator Osmeña affirmed that there are available funds from international programs that

are not utilized because the required counterpart local funding could not be provided in the General Appropriations Act. He said that the utilization of these funds could be multiplied several times by using the ACEF as a funding counterpart.

Senator Magsaysay agreed, pointing out that when the COCAFAM approved to turn over P1 billion of the ACEF to Quedancor for its use, Quedancor, in return, was able to get a P5 billion credit line from commercial banks; thus, the P1 billion multiplied five times and became P6 billion which is now being lent to farmers.

Asked whether there are other ODA grants that have not been utilized because of the absence of local funding, Senator Magsaysay cited the IFC, a subsidiary of the World Bank. He added that there are other ODA funds that might be tapped provided that 10% to 12% of the project would be funded by local funds.

Senator Osmeña requested a list from the Department of Agriculture of the types of ODA funds that have not been utilized because of lack of counterpart funds.

At this point, Senator Osmeña noted that in her letter, Secretary Boncodin reported that the utilization rate on the releases to the ACEF was only 30%.

SUSPENSION OF SESSION

Upon motion of Senator Osmeña, the session was suspended.

It was 5:47 p.m.

RESUMPTION OF SESSION

At 5:49 p.m., the session was resumed.

Upon resumption, Senator Osmeña gave Senator Magsaysay's staff time to study the contents of Secretary Boncodin's letter.

On another matter, Senator Osmeña pointed out that the MAV collections of those who have acceded to treaty commitments would end in June 2005 thereby abolishing the in-quota out-quota scheme. In view thereof, he asked why loans

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should be granted when there would be no more MAV collections. Senator Magsaysay explained that collections would come from borrowers which would revert to the Fund and would be converted into a perpetually revolving fund for loans to the agriculture sector until 2015. He expressed hope that eventually this would become a really well-managed Fund with the participation of the private sector.

Senator Osmeña made reservation to continue his interpellation at a later date.

RESERVATIONS TO INTERPELLATE

Senator Pangilinan manifested the reservation of Senators Angara, Villar and Gordon to interpellate on the measure.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1837

Upon motion of Senator Pangilinan, there being no objection, the Body suspended consideration of the bill.

COMMITTEE REPORT NO. 2 ON SENATE BILL NO. 1833

(Continuation)

Upon motion of Senator Flavier, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 1833 (Committee Report No. 2), entitled

AN ACT TO STRENGTHEN THE UNIVERSITY OF THE PHILIPPINES AS THE NATIONAL UNIVERSITY.

Senator Flavier stated that the parliamentary status was the still the period of interpellations.

Thereupon, the Chair recognized Senator Pangilinan, sponsor of the measure, and Senator Angara for his interpellation.

INTERPELLATION OF SENATOR ANGARA

Asked by Senator Angara on the vision of U.P. five or ten years hence, Senator Pangilinan said that based on the 5-year development plan

or the mid-term report of U.P. under the leadership of Dr. Francisco Nemenzo, U.P. would not only be the center of leadership in public tertiary education in the country but would also be one of the top universities in the region. He informed the Body that the ten-point agenda under the leadership of Dr. Nemenzo are as follows: pursue academic excellence; modernize the University; revitalize the general education curriculum; develop U.P.'s science and technology capability; improve administrative efficiency and financial management systems; encourage scholars to discover new knowledge through research and creative work; improve students' academic performance; enhance faculty and staff welfare and benefits; develop and implement resource generation programs; and enrich Philippine culture and nurture civic virtues.

As to the specific areas of competence or excellence which U.P. would pursue in the next five or ten years that would make it truly a national university and eventually a university of international caliber, Senator Pangilinan said that the priority area would be the enhancement of its science and technology programs where 40% of its students are currently enrolled.

Pointing out that science and technology is a broad category, Senator Angara said that he would like to find out whether U.P. would specialize, for instance, on material science, biotechnology, laser technology, or in neontology.

Citing the U.P. statistics where almost 60% of the students are in nonscience and nontechnical courses, Senator Angara inquired how the enrolment and the pattern of career development could be redirected so that it can be truly said that U.P. has a science and technology-oriented education.

Senator Pangilinan stated if science and technology shall indeed be the thrust of the University, admission requirements as well as resource allocation should move towards that direction.

Senator Angara noted that science and technology is a very broad field and there is a need to concentrate on certain specialties like biotechnology in order to have a competitive edge

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and a distinctive mark in this field. He asked whether there is concentration in certain specialties that the University can master like microelectronics and neontology so that admission policies including the UPCAT would be deliberately tailored towards that goal. He argued that if the UPCAT would be the only point in the admission procedure, there would be no changes in the pattern of enrolment and the career path of the students. He stressed that there is a need to combine UPCAT and a proactive recruitment of students in the science and technology program like giving numerous scholarships to attract students, he added.

Senator Pangilinan agreed to the observations of Senator Angara, conceding that the admission policy is not addressing the objective to focus on science and technology like in the area of geological science and marine science where the faculty profile is complete. Other branches of science and technology that are being considered are molecular biology and Biotechnology, he said.

Asked if there is an effort to target the aforementioned disciplines and aim at achieving a number of graduates, Senator Pangilinan replied in the affirmative. He said that the University has provided fellowships and scholarships for graduate and undergraduates students. But he expressed apprehension that the existing number of laboratory equipment could not accommodate a big number of enrollees.

Senator Angara recalled that Dr. Ed Gomez, former head of the U.P. Institute of Marine Science, was quite active in looking for scholarships and grants for the institute. Pointing out that focus and academic leadership would help U.P. achieve its goals, he cited the Geology Department that was provided with resources, including a building, because it had able academic leadership. He posited that if resources were scattered without regard to the ability to excel in one particular discipline, then money for laboratory and graduate support and other concerns would be insufficient.

Senator Angara believed that now is the time for the University to reinvent itself if it intends to be an outstanding research institution, especially in terms of marine biology, health and agriculture because adding new programs would only scatter

the very limited resources. In time for the centenary of the University on 2008, he called on Congress to help identify U.P.'s distinctive area of excellence. Senator Pangilinan agreed to Senator Angara's observations.

As regards the entry policy, Senator Angara stated that there is a need to rethink the best instrument for recruiting students, noting that the UPCAT is skewed towards urban centers. He said that only a few entrants from areas in Mindanao that have excellent basic secondary education had passed the UPCAT, causing an inequitable mode of entry into the U.P. He added that there is a need to rethink the way U.P. can utilize its own income and its own appropriation. Considering the 10-point program, he posited that the real question was where U.P. would be by the time it celebrates its 100th year.

Senator Pangilinan informed the Body that the UPCAT has been used since 1970, thus, it would do well for the University to review its admission policy. As regards the vision of the University, he said that the focus is on science and technology, particularly where it has the advantage – marine science, molecular biology and geological science. In terms of the direction U.P. should take in the succeeding years, he stated that he is not in the position to answer in concrete terms but the valid issues raised by Senator Angara should serve as a challenge to the University officials.

Senator Angara agreed that U.P. should be made the national university to highlight the leading role it plays in the country's higher education. But being a national university is not enough in this global village because there is competition among other national universities in Asia, he stressed. He pointed out that it is imperative that while the U.P. Charter bill is being debated upon, individual thoughts are factored in so that in the end, the collective thoughts would help the next U.P. administration to better define U.P.'s identity and destiny.

According to Senator Pangilinan, he and Senator Flavier, the Senate representatives to the Board of Regents of the University, would be more than willing to raise the issues mentioned by Senator Angara.

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Asked who the candidates are for University president, Senator Pangilinan said that they include Prof. Emer Roman; Georgina Encanto, former dean of the College of Mass Communications; Esther Garcia, former chairperson of the Commission on Higher Education, Prof. Winnie Monsod of the School of Economics; Edgardo Espiritu, Ambassador to the United Kingdom; Federico Macaranas from the Asian Institute of Management; Susan Cagampan-De Castro from the private sector; and Ed Sison.

Noting that the ten aspirants include six females and four males, Senator Angara observed that this is reflective of the gender profile of U.P. — 60% female and 40% male. He asked who the leading candidate is. Senator Pangilinan said that he did not have the information. He agreed that the future of U.P. depends on who shall be the next president.

At this point, Senator Gordon asked whether Senator Angara could share his expertise, being a former U.P. president, as to what kind of leader the University needs, Senator Angara stressed that the candidate must have credibility, saying that Senators Gordon and Flavier would make fantastic U.P. presidents because aside from being highly credible, they have inherent talents.

Senator Gordon stated that he looks up to Senator Angara as the epitome of what a U.P. president must be. He recalled that as U.P. president, Senator Angara was able to draw out from government, the mighty and powerful, and the influential and the wealthy, the support that was necessary to improve the educational standards of the University. However, he said that the selection of a president is a bloody process because fraternities may be involved as well as black propaganda. On another matter, he said that it does not matter whether U.P. is called the national university because U.P. is a class in itself. He said that he would come up with a resolution commending a newly elected mayor of a city in California who graduated from U.P.

At this point, Senator Ejercito Estrada (J) asked what Senator Angara enjoyed best, being a U.P. president or a senator. Senator Angara said that he enjoyed his stint as U.P. president but

it was a tough task although he was confident that he has earned the respect of the University.

Asked by Senator Ejercito Estrada (J) whether Senator Angara was one of the best presidents of U.P., Senator Pangilinan replied in the affirmative.

Senator Angara stated that the impending choice of the U.P. leadership is critical. In the Marine Science Institute as well as the Department of Geology, he pointed out, the academic leader makes a difference so the Board of Regents has to make a crucial choice. He said that the *Asiaweek* survey has placed U.P. at a very low ranking, although it is still ahead of all the local universities. He noted that the University spends so little on research and it does not have enough researches that are published in international journals, and the ratio of PhD graduates is quite low even by Asian standards.

Asked by Senator Angara whether U.P. has improved since the results of the survey came out five years ago, Senator Pangilinan replied in the affirmative, saying that while there has been a dramatic increase in the research papers that have been published, U.P. has put together funds amounting to P150 million for research purposes alone and that 70% of the faculty is now composed of PhD graduates.

Asked how the measure could help redirect the enrollment of students towards science and technology while maintaining a reasonable level of humanities and arts students, Senator Pangilinan said that while there is a need to move towards becoming a specialized university, U.P. cannot altogether move away from its nature of being a comprehensive university. However, he affirmed that balance must be tilted towards science and technology by putting more resources to upgrade facilities and equipment that would bring in more enrollees.

Senator Angara stated that there must be a plan and a vision before going out and tapping institutions and people for resources. He said that unless U.P. challenges a generous donor or even an ordinary alumnus with a vision of what his university would be and he is inspired by that vision, the donor might not part with his money.

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If U.P. retained its present admission policies, and depended on financing through the tuition, government appropriation and some donations, he believed that U.P. would remain static and the resources would just be scattered across too many campuses where not even a single student is excelling.

Senator Angara expressed the view that U.P. should have a clear vision of what it wants to do in various meaningful disciplines; it must help itself and if necessary, reinvent itself by having an international outlook.

Senator Pangilinan clarified that the enactment of the bill into law would be just the first step as he agreed with Senator Angara that a leader with vision is needed and crucial if U.P. is to move forward.

Senator Angara noted that U.P. has a 10,000 hectares of land grant in Laguna and Quezon which could be lost to the squatters in five years' time. He asked if U.P. officials could come out with a plan to develop in that area a new campus with a science park or a tourism complex that would support the academic pursuits of the University. He added that U.P. could also plan to convert the Diliman campus into a science park that would generate funds for the University. He admitted that such a move would be criticized and opposed but it would be for the future of the national university.

Senator Pangilinan said that he was informed that because of expensive cost of real property in Japan, many universities have relocated their campuses and used the land for commercial ventures. He agreed that the new leadership of U.P. should study such options so that the University could flourish and make its mark as the premier institution of higher learning in the country.

At this juncture, Senator Angara manifested that he would continue his interpellation in the next day's session.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1833

Upon motion of Senator Pangilinan, there being no objection, the Body suspended consideration of the bill.

COAUTHORS

At their instance, Senators Pangilinan and Angara were made coauthors of Senate Bill No. 1745.

REMINDER

Senator Pangilinan reminded the Body that the Special Preparatory Committee of the Senate Workshop, composed of Senators Angara, Pimentel, Gordon, Pangilinan, Roxas and Osmeña will have a meeting at 6:30 in the evening of the following day at the Office of the Senate President.

ADJOURNMENT OF SESSION

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

It was 6:48 p.m.

I hereby certify to the correctness of the foregoing.

Oscar G. Yabes
OSCAR G. YABES
Secretary of the Senate
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Approved on November 10, 2004