

**REPUBLIC OF THE PHILIPPINES**

**S e n a t e**

**Pasay City**

# **Journal**

**SESSION NO. 49**

Tuesday, January 11, 2005

**THIRTEENTH CONGRESS  
FIRST REGULAR SESSION**

**SESSION NO. 49**  
Tuesday, January 11, 2005

**CALL TO ORDER**

At 3:40 p.m., the Senate President, Hon. Franklin M. Drilon, called the session to order.

**PRAYER**

Sen. Joker P. Arroyo led the prayer, to wit:

Dear God, another day, another excuse for stalling.

But haste can make waste; and doing nothing is sometimes better than doing something wrong.

Grant us the wisdom to know when haste makes waste and time is of the essence, and not to act as fast as others tell us to do.

Give us the strength to believe that our country is strong enough to survive even bad news from foreign credit rating agencies whose opinions are sometimes jaundiced.

Give the Senate the perseverance to protect the public interest the way others persevere to protect the power sector; and when there is need to increase taxes again, let it fall where it is long overdue.

While we acknowledge that the government needs more money, help us guard against its tendency to throw money around like in the last elections.

Finally, dear Lord, watch over our beloved country, better yet, watch over the Senate, because it might be the last hope of the country.

And lest we forget, put into your bosom, O Lord, our colleague who is not around, Ralph Recto, whose birthday it is today.

Amen.

**ROLL CALL**

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

|                      |                     |
|----------------------|---------------------|
| Angara, E. J.        | Lapid, M. L. M.     |
| Arroyo, J. P.        | Lim, A. S.          |
| Cayetano, C. P. S.   | Madrigal, M. A.     |
| Drilon, F. M.        | Pangilinan, F. N.   |
| Ejercito Estrada, J. | Pimentel Jr., A. Q. |
| Flavier, J. M.       | Revilla Jr., R. B.  |
| Gordon, R. J.        | Villar Jr., M. B.   |
| Lacson, P. M.        |                     |

With 15 senators present, the Chair declared the presence of a quorum.

Senators Biazon, Defensor Santiago, Ejercito Estrada (L) and Enrile were on official mission.

Senators Magsaysay, Osmeña and Roxas arrived after the roll call.

Senator Recto was absent.

**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. 48 and considered it approved.

**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. 1879, entitled

AN ACT TO PROVIDE UNIFORM  
REQUIREMENTS AND/OR  
PROCEDURE FOR MAKING

#  
PB

**ARREST AND FOR OTHER  
PURPOSES**

Introduced by Senator Lim

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

Senate Bill No. 1880, entitled

AN ACT DECLARING THE FILING OF  
FALSE COMPLAINTS AGAINST  
PUBLIC OFFICERS AS A CRIME  
AGAINST HONOR, PRESCRIBING  
PENALTIES THEREFOR AND FOR  
OTHER PURPOSES

Introduced by Senator Ramon Bong Revilla Jr.

**To the Committees on Justice and Human  
Rights; and Civil Service and Government  
Reorganization**

Senate Bill No. 1881, entitled

AN ACT AMENDING SECTION 10  
OF REPUBLIC ACT NO. 7610,  
OTHERWISE KNOWN AS  
THE SPECIAL PROTECTION OF  
CHILDREN AGAINST CHILD  
ABUSE, EXPLOITATION AND  
DISCRIMINATION ACT

Introduced by Senator Ramon Bong Revilla Jr.

**To the Committee on Youth, Women and  
Family Relations**

**COMMUNICATIONS**

Letter from Administrator Edita S. Bueno of the  
National Electrification Administration, respect-  
fully providing the Senate with a copy of the  
Barangay Energization Program of the different  
Electric Cooperatives (ECs) as of 30 June 2004.

**To the Committee on Energy**

Letter from Governor Rafael B. Buenaventura of  
the *Bangko Sentral ng Pilipinas*, submitting to  
the Senate the following:

Initial report on the status of implement-  
ation of Republic Act No. 9178 Barangay

Micro Business Enterprises (BMBEs) Act  
of 2002 pursuant to Section 14 of the Act

**To the Committee on Trade and Commerce**

Inflation Report of the *Bangko Sentral ng  
Pilipinas* for the Third Quarter of 2004

**To the Committees on Economic Affairs;  
and Banks, Financial Institutions and  
Currencies**

**QUESTION OF PRIVILEGE  
OF SENATOR EJERCITO ESTRADA (J)**

Rising to a question of personal privilege,  
Senator Ejercito Estrada (J) delivered the following  
speech:

On behalf of my family and of President  
Joseph Ejercito Estrada, I first take this  
opportunity to express our sincerest  
gratitude and appreciation to the many  
expressions of support, as well as the  
prayers extended to my father in his recent  
operation in Hong Kong.

We are grateful, first to the Lord  
Almighty, and to the honorable Justices of  
the Sandiganbayan for their deep sense of  
compassion in allowing President Estrada  
to have his surgery in a medical institution  
and with doctors of his choice in Hong  
Kong.

*Nagpapasalamat din po kami sa lahat  
ng nakiisa at nagmamalaskit, at umasa  
po kayo na ang lahat ng inyong suporta  
ay hindi malilimutan ng aking ama at ng  
aming pamilya.*

I am pleased to inform you, as you very  
well know, that the knee operation of  
President Estrada has been fairly  
successful.

We thank the Lord Almighty that he  
is now gradually recuperating from the  
surgery under the attention of his doctors.  
He, however, needs to submit to continuous  
and intensive therapy for the next couple of  
months.

I also take this opportunity to assure our people that President Joseph Estrada is definitely coming back to the country to face trial and clear his name, and all of us, his co-accused, of any wrongdoing.

I wish to dispel malicious and unwarranted speculations made by some persons desperately sowing intrigues and seeking media mileage that President Estrada is going to flee and avoid prosecution.

This is farthest from President Estrada's mind and this idea can only be concocted by paranoid and malicious persons who perhaps would take this option if they were in President Estrada's place.

President Estrada will prove them wrong, *dahil babalik siya para harapin ang mga bintang at paratang laban sa kanya ng mga taong gahaman sa kapangyarihan.*

President Estrada was already given the opportunity twice in the past to go to a country of his own choice. The first offer was made by then Secretary of Justice Hernando Perez with the colatilla that he officially resign as President of the Republic of the Philippines which he refused. The second offer was repeated by Secretary Perez with the condition that President Estrada leave through the country's back door but it was likewise rejected. In fact, President Estrada, as a Filipino, has always maintained that since he was born here, he would prefer dying in his own native land.

All we ask now is an extension of his leave to allow him to recover completely and have his doctors manage his therapy.

It is on this note that I also wish to disabuse the minds of malicious quarters of recent speculations that we are engaged in another agenda of destabilization.

Rumors have been floated even in the media that we are allegedly again planning another destabilization plot.

*Ano ba naman yan? Mukhang lumang-huma na po ang script na to.*

*Bakit po kapag may problema ang gobyernong ito, puro destabilization ang bukung bibig? Sa libing ni Fernando Poe Jr., may destabilization daw. Binarikada po ang buong Malacañang ng containerized vans dahil kulang pa raw yata iyong mga electric fence na nakapaligid doon ngayon.*

*Nagpa-opera lamang po si Pangulong Estrada, dinalaw ng mga kaibigan at mga dating kasapi ng Kabinete, may destabilization na naman daw.*

On the contrary, if there is anyone sowing destabilization in this country, it is the government itself with all the corruption, the mismanagement, the fiscal crisis, the new taxes, the high cost of electricity, water and prime commodities, and the continuing isolation and alienation from our people.

Why invest more efforts to destabilize a government that is already destabilized?

And we have only to cite past and recent surveys of dissatisfaction on the part of our people with this government, particularly Mrs. Gloria Macapagal Arroyo.

We firmly say and assure our people that President Joseph Estrada and all of us in the Opposition are now actively pursuing our solemn duty and role of fiscalizing and exposing the excesses and abuses of this administration, all within the framework of our Constitution, the majesty of our laws, and the sanctity of our democratic system and tradition.

If President Estrada was at all visited by former members of his Cabinet, his official family, this, we assure this Chamber, is what it is meant to be – a social visit by friends and well-wishers.

If this simple act and expression of sympathy is destabilization, then we need to do a serious examination of our state of mind.

*A*

*kb*

May I reiterate that President Joseph Ejercito Estrada will come back to our country to join the ranks of the Opposition and to help unite our people that we may regain the glory we have lost because of mismanagement and corruption.

He will return to face the charges against him, to pursue the mission of strengthening the Opposition, and to help bring back decency, honor and justice to our government.

### SUSPENSION OF SESSION

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

*It was 3:53 p.m.*

### RESUMPTION OF SESSION

At 4:06 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.

### TERMINATION OF THE PERIOD OF INTERPELLATIONS

Upon motion of Senator Pangilinan, there being no objection, the Body closed the period of interpellations without prejudice to its reopening should Senator Lacson so request.

### PERIOD OF AMENDMENTS

Thereafter, the Body proceeded to the period of amendments.

The Chair recognized Senator Osmeña for his proposed amendments.

### OSMEÑA AMENDMENTS

On page 1, lines 11 and 12, as proposed by Senator Osmeña and accepted by the Sponsor, there being no objection, the Body approved the deletion of the phrase "SPECIAL ACCOUNT, FUND 183 IN THE GENERAL FUND OF THE NATIONAL TREASURY" and in lieu thereof, the insertion of the word FUND.

On the same page, Senator Osmeña proposed the rewording of lines 15 to 19 as follows:

THE FUND SHALL BE EARMARKED TO FINANCE MEDIUM TO LONG-TERM CROPS AND OTHER SUCH PROJECTS AS MAY BE PRIORITIZED BY THE ACEF EXECUTIVE COMMITTEE.

However, Senator Magsaysay explained that the Committee precisely included a new provision on lines 1 to 12 of page 2 that 85% of the Fund should be earmarked for agri-based production and 15% for research and development in order to emphasize the need of state colleges and universities to modernize their laboratories and other research facilities.

Senator Osmeña pointed out that his proposed amendment would include the deletion of lines 1 to 12 of page 2 in order to give the Executive Committee more flexibility. He asked whether the 15% earmarked for research and development would be in the form of loans.

Senator Magsaysay clarified that the assistance would be in the form of grants as the ACEF does not consist of loans or equity only.

*h*

*ps*

On page 2, as proposed by Senator Osmeña and accepted by the Sponsor, there being no objection, the Body approved, subject to style, the deletion of lines 1 to 7, the deletion of the figure "2)" on line 9, and the insertion of the words PROVIDED THAT before the word "FIFTEEN."

On the same page, line 16, after the period (.) following the word "Fund," as proposed by Senator Osmeña and accepted by the Sponsor, there being no objection, the Body approved the deletion of the entire sentence up to line 17. Senator Osmeña explained that with the amendment the Fund would be in perpetuity.

On the same page, Senator Osmeña proposed the deletion of the phrase starting with the word "release" on line 20 up to the word "credited" on line 22, and in lieu thereof, the insertion of the phrase UNDER THE ADMINISTRATION AND MANAGEMENT OF THE LAND BANK OF THE PHILIPPINES.

Senator Osmeña pointed out that Executive Order No. 138 phased out all direct credit programs from various agencies and transferred these to the GFIs. He noted that Landbank has extensive experience in lending to the agricultural sector, and overhead expenses for a new bureau could be saved and the money used instead for more loans to the farmers and the agricultural sector.

However, Senator Magsaysay clarified that the objectives of the ACEF are not similar to those of banks like the Landbank. He explained that the ACEF is a subsidy used by the Department of Agriculture to allow certain sectors of the agriculture industry to become more competitive. Moreover, he noted that the proponents have to contend with certain risks that would be automatically rejected by banks but which would be accepted by the ACEF Council. He asked whether Senator Osmeña would be willing to have the ACEF Council and the Department of Agriculture jointly oversee and prioritize applications for grants or loans annually while the official bank administers the loans or grants. Senator Osmeña informed the Body that practically all the loans that have been approved or are under consideration by the Executive Committee are commercial loans.

Senator Magsaysay stated that although quite a few of the loans are commercial, there are also applications that involve high-risk projects that are based on necessity such as the carageenan project

of Father Barcelon in Cagayan de Oro which any bank would turn down but was given about P15 million. He viewed the Fund as a bridge wherein a proponent who does not have enough equity could avail of it as part of the fund requirement and because it is a seven-year low interest loan with a two-year grace period, Landbank could put up its own capital because the risk has been reduced owing to the Fund. He pointed out that this situation happened in a project in General Santos where a certain Mr. Royeca could not get a Landbank loan but when he was given P20 million from the Fund, Landbank loaned him P5 million to complete the P25 million requirement. He said that if Landbank would manage the Fund, then that bridge would also be controlled by the Landbank, and it would not configure loans to the uniqueness of the agricultural projects where the probability of success increased with the Fund. Senator Osmeña noted that these are concessionary loans, to which Senator Magsaysay agreed.

Senator Osmeña stated that a commercial loan would be a first mortgage and the ACEF loan would be a second mortgage which is more risky. He recognized the need for the country to have some kind of venture capital contribution from government, but he acknowledged that it would require another type of law under the mandate on the tariffication act. He observed that this law started the Fund by providing that all tariff collections for importations under the minimum access volume (MAV) mechanism would go to a fund. The entire agricultural sector, he said, was supposed to develop and, at that time, government thought that it would be able to accumulate P10 billion to P20 billion under the MAV, but unfortunately, for the first four to five years, the DBM put the money in the general fund and spent it accordingly and all that has been earmarked thus far for the ACEF is about P5 billion and that funding facility would expire in 2005. Senator Magsaysay agreed.

Senator Osmeña believed that a P5 billion fund facility is very small. Moreover, he opined that it is unfair that a small farmer borrows funds without any grant portion while large amounts of loans with a grant portion are made available to business enterprises. If anybody should take hold of the grant, he said, it should be the small farmer as a priority and after that, anybody who wants to go into value-added processing. For instance, he mentioned

the P47-billion grant representing the integrated sea-farming of bangus project of Mr. Royeca. He said that this commercial project could have been easily funded through a development loan from the DBP which has facilities for this kind of loan, without any need for a grant portion. Senator Magsaysay stated that basically, it was an interest-free loan.

Senator Osmeña wondered why a bangus project would be given a special concessionary loan when there is nothing new about bangus-raising compared to the P28.9 million Integrated Seaweeds Enterprise project of Fr. Emeterio Barcelon of the Xavier University in Cagayan de Oro City. He stated that seaweed farming has been in existence in the country for 30 to 40 years, and carageenan is one of the country's biggest exports. He expressed hope that the government would be able to extend some kind of concessionary funding for a novel project with a new technology, rather than something that has already been proven to be a commercial success.

Asked if he would be amenable to leaving the matter to the discretion of the Executive Committee rather than tying its hands, Senator Magsaysay replied that he would not mind it.

Thereupon, on page 2, lines 20 to 22, Senator Osmeña proposed the deletion of the words "released to the official designated depository bank, to which collections from repayments from loan beneficiaries including interests, if any, shall be credited" and in lieu thereof, the insertion of the phrase UNDER THE ADMINISTRATION AND MANAGEMENT OF THE LAND BANK OF THE PHILIPPINES.

Senator Magsaysay stated that if the Landbank would control the Fund, it would be treated as a bank fund; hence, the configuration of the use of the Fund by the Department of Agriculture for priority agricultural projects would no longer be possible.

Senator Osmeña underscored the need to define the phrase "administration and management" because later on, in the same section, he would propose an amendment which would give the Executive Committee the power to come up with policy setting the direction in the prioritization of the types of loans that the Landbank should or should not grant under the special facility.

At this juncture, Senator Pimentel expressed apprehension that if there are no definite guidelines as to how the money being put into the ACEF would be distributed, beneficiaries from Mindanao would again be treated as third-class citizens in relation to the use of the Fund.

On page 2, lines 22 and 23, Senator Osmeña proposed the deletion of the words "official designated depository bank" and in lieu thereof, the insertion of the phrase AND THE LAND BANK OF THE PHILIPPINES.

On the same page, line 25, he proposed the insertion of the following paragraph:

THE FUND SHALL BE UNDER THE OVERSIGHT OF A SPECIAL ACEF COMMITTEE COMPOSED OF: (A) THE SECRETARY OF THE DEPARTMENT OF AGRICULTURE; (B) THE CHAIRMAN OF THE SENATE COMMITTEE ON AGRICULTURE; (C) THE CHAIR OF THE COMMITTEE ON AGRICULTURE OF THE HOUSE OF REPRESENTATIVES; (D) THE PRESIDENT OF THE LAND BANK OF THE PHILIPPINES; (E) THE PRESIDENT OF THE DEVELOPMENT BANK OF THE PHILIPPINES; (F) A REPRESENTATIVE FROM THE MANAGEMENT ASSOCIATION OF THE PHILIPPINES; (G) A REPRESENTATIVE FROM THE BANKERS ASSOCIATION OF THE PHILIPPINES; AND (H) THREE REPRESENTATIVES FROM THE AGRICULTURAL SECTOR APPOINTED IN ACCORDANCE WITH THE APPROVED REVISED GUIDELINES AS PROVIDED IN SECTION 3 HEREOF.

Senator Magsaysay stated that the proposed amendment is generally acceptable. However, he clarified that the power to decide as to who should be given the funds belongs to the Department of Agriculture and the ACEF Special Council, while the administrative function of implementing the decision of the DA and the Council belongs to the Landbank.

Senator Osmeña expressed disbelief that an ad hoc committee that meets once a month could familiarize itself with the entire agricultural industry.

He believed the most that the Executive Committee can do is to set the priority or to inform the Landbank where the lending facility should be focused rather than accepting and approving the applications. Essentially, he said, a new bureaucracy would be created which would result in additional overhead expenses for the DA. Also, he said that this runs counter to Executive Order 138 which provides for the phaseout of direct credit programs in the various agencies. Relative thereto, he recalled that the DTI had the "Tulong sa Tao" project which reached a funding level of about P2 billion and it was a success because the repayment level was 80% to 90%. He said that such fund, rightly enough, was transferred to the Landbank or Quedancor, like other micro-credit financing under various agencies. He reiterated that the ACEF is something that can be left to the Landbank because the Executive Committee does not have the core competency to do it, adding that even the Management Association of the Philippines recommended that an experienced investment banker be made head of the Executive Committee. He stressed the need to have a full-time investment banker to ensure that the money would be earmarked for medium- to long-term projects rather than crop loans on which the Quedancor and some commercial and thrift and rural banks concentrate.

Senator Osmeña did not believe that his proposal would conflict with the desire of Senator Magsaysay to see special projects happen using new technology, research and development in qualified colleges and universities. He pointed out that with only about P5 billion, he could not see where the money is going if a new bureaucracy would be created whose head does not have the experience of a lending officer in a commercial or development bank who handles hundred of applications every month. He reiterated that the Executive Committee does not have the expertise to accept and approve loan applications.

However, Senator Magsaysay said that the ACEF Special Council and the Department of Agriculture have an important mission that goes beyond the banking function of the Landbank or other banks. He stated that the purpose of having regional offices is to enable them to know the field and decide on priorities. He added that the council meets quarterly to discuss the progress of the projects that it had funded. Moreover, he said that some members of the Senate, including

Senators Osmeña and Angara, have attended the meetings and had gone through the 56 projects that have a repayment rate of 77%.

This shows, he asserted, that some level of standard is being met that made it possible for the funds to flow. He said that although Landbank is a *universal bank*, it does not have the agricultural expertise of the Department of Agriculture which has the responsibility of deciding what loans to support. Nevertheless, he noted that Landbank and Quedancor, a GFI under the Office of the President, are involved in the entire process from the regional level and up.

Senator Osmeña argued that he and Senator Magsaysay may not have the same opinion on the matter, saying that the Department of Agriculture does not have the capability to judge which projects in what area should be supported. However, he said that the DA could remain in the policy-making council so that it could direct the members the Executive Committee on the prioritization of certain types of projects.

Asked on the policies of ACEF with regard to projects to be funded and prioritized, Senator Magsaysay replied that the ACEF relies on the needs of the local society, food market, competitiveness criteria, price factor and quality. Citing the soiless farming of Mr. Lyndon Tan in Southern Tagalog, he noted that it was able to compete strongly against imported lettuce.

On the matter of funding hog raisers and why one farm was given a special facility, Senator Magsaysay replied that this was discouraged during his watch.

Senator Osmeña argued that the first page of the report contained a list of several hog raisers and he cited a project that cost millions of pesos but had been terminated. He asked why a cold storage facility in Luzon has been given a concessionary loan when there are dozens of cold storage facilities throughout Luzon. Senator Magsaysay replied that the basic essence of the MAV is to protect industries like hog and chicken-raising that are being threatened by importation and thus make them more competitive. But Senator Osmeña opined that if it had been done in Luzon, then all the cold storage facilities in the entire Philippines should be given grants. He said that if he were to obtain a grant from the ACEF for a piggery in Cebu, hog



raisers would wonder why he was enjoying a 3% interest on loan when they were paying 15% or 20% for commercial loans. Except for the loan granted to Mr. Tan who has been trying out new technological approaches and its debt equity ratio was 50/50, he said that the ACEF has not served its purpose.

Asked if it takes an ACEF Executive Committee to determine which piggery and onion storage farm and livestock to fund, Senator Magsaysay replied that knowing the applications and the interests is worth the bother. He stated that he, his executive director and the COCAFAM staff attended each ACEF meeting religiously and learned to appreciate certain projects that would work within the ambit of the Fund. He stated that by attending the meetings, he had become more attuned to the needs of agriculture. He noted that while Landbank could do it, as a banking institution, it has its own standards for the three Cs – character, collateral and cash. He stated that the members of the Council from the private and public sectors, given their different perspectives, could work together with Landbank and the DBP to ensure the success of a project.

Adverting to the citrus trading center of a certain Gilbert Jumilla in Malabang Valley with a project cost of P45 million and ACEF-approved loan of P17.8 million, Senator Osmena stated that if a loan applicant tells him that he needs to put up a similar project very badly, he would not know if such a project in that particular area exists and if it had survived with a commercial loan. He asserted that one of the rules followed by loan officer is to know his area of concern. He clarified that precisely, the ACEF should not approve loan applications directly but guide the Landbank in prioritizing the particular areas where the Filipinos could be globally competitive and steer the lending of funds in that direction. After all, he noted, the Landbank has to report monthly to the ACEF all the loan applications and its recommendations.

Further, Senator Osmena observed that there has been an expansion of food processing plants in Cagayan de Oro when, in fact, there are dozens of food processing plants in Mindanao. He stated that it was not fair to give this particular person a special funding facility because surely, if the competitors found out that someone got a special funding facility, they would complain since all things being equal, this person has to pay only a 5% interest for the loan and the others, 15%.

He cautioned that if the list gets out, there would be a howl of protest.

Asked by the Chair if the proposal contemplates that the power of the Executive Committee shall only be to designate the priorities and types of loans and, thereafter, the concessional rates of the loans would continue with the projects, Senator Osmeña stated that he did not believe in concessional rates which the bankers had strongly recommended against as they are unfair. He observed that in this country, there are limited resources given the deposits in the banking system and the monies placed in finance and insurance companies. He emphasized that the market should be allowed to work because the loan officers, day-in and day-out, receive and investigate applications so that they are able to compare and grant loans to those who are capable of being successful.

On the other hand, Senator Osmeña stated that if very people know that he has a funding facility, he would be approached by someone with an application but he has very few projects to compare it with. He expressed disappointment over the type of enterprises that had been approved under the ACEF, stating that these endeavors have been undertaken for the past five years. He said that he would rather the Filipinos went into value-added processing projects instead of hog-raising and citrus-growing. He argued that the Fund should support projects that are globally competitive.

At this point, Senator Magsaysay stated that the Committee would accept a proposal giving the ACEF Special Council the power to recommend the priorities but leaving the decision to the Department of Agriculture, together with the Landbank.

Senator Osmeña believed that the low confidence in the ability of the Department of Agriculture to take part in the decision-making process primarily because its mandate does not include deciding and processing loans on a day-to-day basis could be the reason why Congress has taken so much time to review the ACEF bill. He reiterated that the DA has no business deciding whom to lend the money. He said that he tried to be diplomatic about the matter but he was ashamed of the fact that the DA had allowed

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the funding of piggeries and poultry that are not under global competition as the ACEF would like the undertakings to be.

At this point, Senator Osmeña said that he would suspend his proposed amendments and might request that the period of interpellations be reopened so that he could explain to the Body the implications of the issues that he had raised. He requested that the members be given a copy of the ACEF updates. Senator Magsaysay said that the Members had been given copies thereof three months ago.

#### SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

*It was 5:02 p.m.*

#### RESUMPTION OF SESSION

At 5:43 p.m., the session was resumed.

#### MANIFESTATION OF SENATOR OSMEÑA

Senator Osmeña said that it had completely slipped his mind that the loans are interest- and collateral-free which makes the matter worse than he had imagined.

He said that he intended to go through the list to determine what made the borrowers so special as to qualify them for interest- and collateral-free loans. He said that he would also like the Department of Agriculture to answer and justify this issue to the Body.

Furthermore, he stated that he would like to find out the overhead expenses of the DA for the particular sub-agency which would not have been able to look at all the loans in practically 70% of the regions in the country without substantial expenditure and not making a profit even of 2% or 3%.

#### SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1837

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 5:45 p.m.*

#### RESUMPTION OF SESSION

At 5:45 p.m., the session was resumed.

#### REFERRAL OF SPEECHES TO COMMITTEES

Upon motion of Senator Pangilinan, there being no objection, the Chair referred the following speeches to the committees hereunder indicated:

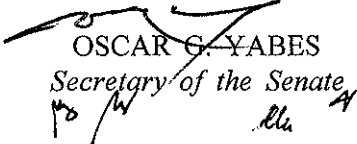
1. Privilege speech of Senator Lim on September 21, 2004, entitled *After the Nightmare, a New Beginning* — Committee on Finance;
2. Privilege speech of Senator Lim on October 26, 2004, entitled *Then a Dream, Now a Reality — A Grand Deception and a Gigantic Hoax* — Committee on Public Order and Illegal Drugs; and
3. Privilege Speech of Senator Arroyo on November 17, 2004, entitled *Distorted Priorities* — Committees on Public Services, and Finance.

#### 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 5:46 p.m.*

I hereby certify to the correctness of the foregoing.

  
OSCAR G. YABES  
Secretary of the Senate

Approved on January 12, 2005