



House of Representatives

Batasan Hills, Quezon City
Philippines

LEGISLATIVE AGENDA PLANNING CONFERENCE

Diosdado Macapagal Hall, Land Bank Plaza
Malate, Manila
September 23, 2004

CONFERENCE REPORT

Prepared by the
Congressional Planning and Budget Department

LEGISLATIVE AGENDA PLANNING CONFERENCE REPORT

BACKGROUND

The country is faced with a financial crisis, dramatized by a large budget deficit and a huge debt burden. The economy is riddled with structural weaknesses that are choking growth and impeding the country's competitiveness. The issues of rapid population growth, mass poverty, low savings rate, inadequate rural development, slow diffusion of technology and outmoded infrastructure are also hampering the country's progress and indirectly, the country's attainment of the Millennium Development Goals (MDG) targets.

Having won a new mandate, President Gloria Macapagal-Arroyo is in the best position to address these issues, build on her achievements for the past three years, and to pursue substantive reform programs and policy priorities. To achieve these development goals, it is important that key decision-makers stand united to a common national agenda.

The House of Representatives plays a vital role in the achievement of this agenda. Given its constitutional mandate to enact legislation, there is a need to generate consensus among the Members of the House of Representatives towards a common legislative agenda supportive of President Arroyo's 10-Point Agenda. This can be achieved through the conduct of a ***Legislative Agenda Planning Conference*** where House members exchange views with officials from the Executive, experts from the academe, members of the business community and civil society organizations on critical policy issues facing the country today.

This Conference also provided a venue to reach out to different political parties in the House, including party-list groups, and to involve them in the crafting of an agenda that is responsive to the needs of the country. Likewise, it enabled participants to transform workshop commitments into more concrete and specific action plans for the next three years.

The Conference sought to:

1. Provide Members of the House of Representatives broader perspectives on critical policy issues;
2. Identify priority measures for legislation; and,
3. Create a consensus among House Members on the Legislative Agenda of the 13th Congress supportive of the President's 10-Point Agenda and the government's international commitments particularly the MDG.

PROGRAM

The Legislative Agenda Planning Conference was held on September 23, 2004 at the Diosdado Macapagal Hall, Landbank Plaza in Malate, Manila.

The format of the conference was as follows:

A. Opening Ceremonies & Plenary Presentations	-	9:00 am – 12:00 nn
B. Workshop Discussions	-	1:00 pm – 4:30 pm
C. Presentation of Workshop Results	-	4:30 pm – 5:00 pm
D. Closing Ceremonies	-	5:00 pm – 6:00 pm

Officials from the Executive and experts from the academe provided perspectives on different policy issues during the Plenary Presentations. Simultaneous workshop discussions were conducted and the resulting workshop outputs were presented in the Plenary Session late in the afternoon.

A total of 75 House Members attended the Conference led by House Speaker Jose de Venecia Jr. and Deputy Speakers Raul Del Mar and Gerry Salapudin. There were 107 participants from the private sector and civil society organizations. Her Excellency President Gloria Macapagal-Arroyo delivered the Keynote Address while United Nations Resident Coordinator Deborah Landey gave the Opening Remarks.

Experts from the Asian Institute of Management, Philippine Institute for Development Studies, Institute for Political and Electoral Reforms, and Philippine Legislators Committee on Population and Development were invited to provide background on different policy issues and to facilitate the workshop discussions.

The following were the resource persons and facilitators in the Conference:

1. Dr. Mario Lamberte, President, Philippine Institute for Development Studies (PIDS)
2. Dr. Gilbert M. Llanto, Vice-President, PIDS
3. Dr. Rosario Manasan, Senior Research Fellow, PIDS
4. Dr. Eliseo Ponce, Senior Research Fellow, PIDS
5. Dr. Cristina David, Senior Research Fellow, PIDS
6. Dr. Erlinda Medalla, Senior Research Fellow, PIDS
7. Hon. Camilo Montesa, Assistant Secretary, Department of Education
8. Dr. Rafael Guerrero III, Executive Director, PCAMRD
9. Dr. Victor Limlingan, Professor, Asian Institute of Management (AIM)
10. Dr. Patricia Lontoc, Professor, AIM
11. Dr. J. Prospero de Vera, UP- NCPAG
12. Dr. Artemio Salazar, UP Los Banos
13. Ms. Letecia Ramos-Shahani, Former Senator
14. Mr. Ramon C. Casiple, Executive Director, Institute for Political & Electoral Reform
15. Mr. Ramon San Pascual, Deputy Executive Director, PLCPD

Under the direction of Secretary General Roberto P. Nazareno, officials of the House of Representatives and Secretariat employees from the Congressional Planning and Budget Department, Committee Affairs Department, Inter-Parliamentary Relations Services Department and the Public Relations and Information Department provided technical and secretariat support.

OPENING CEREMONIES

Welcome Remarks by UN Resident Coordinator Deborah Landey

UN Resident Coordinator Deborah Landey congratulated Speaker Jose de Venecia Jr. for leading the House of Representatives for four terms which is unprecedented in the country's post-war history. She thanked the Speaker in behalf of the UN family for his consistent and unwavering support to the work of the UN.

Ms. Landey noted the UN is thrilled with the opportunity to present to the body the Millennium Declaration and the Millennium Development Goals (MDGs) which were discussed in the earlier round table discussions. She cited this as a unique activity that could serve as a model for other countries as to how the legislators can drive an MDG agenda in a country.

Ms. Landey also cited how the Philippines has been committed to the work of the UN and cited examples such as the country's chairmanship of the UN Security Council; its support to key resolutions in Iraq, Sweden and Cyprus; its active participation in major UN Conferences, and its ratification of crucial human rights and other UN instruments. She noted that with the talent present in the Conference, she is confident that the Legislative Agenda Planning workshop will result in a legislative agenda that will embody the common vision for the Philippines.

In closing, Ms. Landey assured the body that the UN will be doing everything it can to help make it happen for the Philippines by offering its core strengths – UN character, universality, global network for capacity development and policy support towards a partnership that would result in the achievement of an improved Philippines economy.

Opening Remarks by House Speaker Jose De Venecia, Jr.

In his opening remarks, Speaker de Venecia, Jr. presented his 12-Point Program to create new wealth for the country and in support of President Arroyo's 10-Point Agenda. The programs are as follows:

1. Launch a major program to revive the mining industry. The Speaker noted that the country's mineral wealth is estimated to have an approximate value of \$800 billion to One Trillion Dollars, as against the current Philippine external debt of \$57- billion. He said that a policy decision including a favorable decision from the Supreme Court – to rebuild this industry – would open its enormous economic potential, employ hundreds of thousands of people, and create the beginnings of a tiger economy for the country. The Speaker said that he believes China, Australia, Canada and the U.S. would be major players in a revived Philippine mining industry.
2. Mobilize international and local investors to develop the enormous underground wealth of gold at Mt. Diwalwal in Davao since Philippine Central Bank reserves include both foreign exchange and gold reserves. He said that international mining companies could develop the area and employ the tens of thousand of miners currently operating there, who might be given the additional incentive of partnership or profit-sharing arrangements.
3. Explore and develop more oil and gas wells like the Malampaya oil and natural gas field in offshore Palawan. He noted that as one of the pioneers in the offshore oil program in Palawan, the oil and natural gas reserves in the country could be developed, supported by a business-friendly decision of the Supreme Court on hydrocarbons exploration, not just mining. He cited the example of Shell, which invested \$4 to \$5 billion when it took over the Malampaya field from U. S. Occidental Petroleum, will have fully recovered its cost by next year. That means that the Philippine government share of about \$500 million a year or \$10 billion over 20 years could begin to go up by next year. This is like recovering the Marcos wealth at \$600 million a year or better.

The Speaker noted that the above three proposals on wealth creation are inter-related but purposely segregated them because of their separate and distinct capability to create substantial new wealth for the Filipino people.

4. Re-launch a major reclamation program in Manila Bay, Cebu, Mindanao, and in Northern Luzon, avoiding the unfortunate pitfalls of the Public Estates Authority-Amari reclamation project. Speaker de Venecia stressed that a major stimulus in the economic miracles of Hong Kong and Singapore were the massive reclamation projects that each pursued. Hong Kong and Singapore auctioned reclaimed land to make up for the deficits and propel economic expansion. Their major industrial complexes, housing projects, commercial centers, airports and seaports were products of reclamation. He said that the government could raise hundreds of billions of pesos through the auction of reclaimed land.
5. A major reforestation program to reclaim our bald mountains in Luzon, the Visayas and Mindanao – and provide revenues to the government and incomes to our tree farmers. Speaker de Venecia said that an investment of \$100 million for reforestation, for instance, could translate to \$4 billion worth of wood sales ten years later. He also cited other major benefits as well: reforestation would solve drinking water and irrigation water needs, destructive and costly flooding problems, begin to restore previous ecological balance and start subsidizing our tree farmers instead of the tree farmers of the wood-exporting countries. He said that additional wealth would be created by inter-crop fruit-producing trees and high-value vegetables on the floor of the forest plantations.
6. A massive program to promote tourism. The country's tourist arrivals of two million a year pale in comparison with those of Thailand and Malaysia, which are in the 10-million mark, the Speaker noted. This he said is sad, if not tragic to a country that has much to offer to the world, and to our own local tourists. He stressed that the government could help achieve a turnaround in the next two years by a determined and creative program to reinvigorate the tourism industry.
7. Create a national infrastructure corporation – a takeoff from Trade Secretary Cesar Purisima's program – so that we could build airports, seaports, railways, dams, irrigation systems, and expressways so critical to economic growth. The Speaker said that government bonds sale would provide the seed money and the balance provided by attractive, revitalized Build-Operate-Transfer (BOT) or similar agreements. He noted that the first generation of BOT projects brought to the Philippines more than \$26-billion in new infrastructure, at no cost to the Philippine Government.
8. Jumpstart the housing construction sector and spur economic growth, taking advantage of its multiplier effect. The Speaker noted that housing has a high multiplier effect on the economy of 16.6 times, which means that every P10 billion worth of housing units will contribute a total of P166 billion of economic activity for the country. It has been observed that poverty incidence seems to subside during episodes of high construction activities.
9. Strongly develop and enlarge the IT sector in order to take advantage of the skill level, availability and comparative costs of the country's technical skilled manpower. The Speaker stressed that developments in IT offer vast opportunities to build the country's competitive strength in selected IT niches, notably back-office operations, in accounting, software development and technical support. He said that McKinsey and Company

recently identified 11 white-collar services – with an estimated demand worth \$180 billion by 2010 – that the mature economies can profitably outsource – and which the Philippines is well positioned to supply.

He added that there is a need to continue to explore the possibility of generating wealth from high-end technology, and participate in the new emphasis on biotechnology, as part of the program to build a knowledge economy.

10. Provide urban property rights. The Speaker noted that President Arroyo has declared that urban squatting presents a daunting challenge to enable the poor to enter the formal economy and unleash a vast store of untapped capital. He said that the Latin American Hernando De Soto, who was invited by President Arroyo as Adviser to the Government, advocates reforming property rights for squatters as part of the path to economic growth for developing countries. When people are able to acquire properties like land and houses, and their ownership over these assets are recognized and guaranteed, they are able to engage in productive activities, using these properties as investments or as collateral to access financing.

He said that the national government and the local government units should provide the necessary entrepreneurial training and credit support to enable these groups to contribute to the economy. The agrarian reform agricultural land as collateral, pending in legislation, can benefit 3.7 million farmers, who will be able to avail of production credits and become agricultural entrepreneurs. The urban squatters, a good number of whom live in sub-human conditions, will have a chance to own land and house, that would be eligible as collateral for micro-finance-backed small businesses.

11. Securitize portions of Clark and Subic in tandem with a move to provide the covered territories a special charter of good governance earlier proposed by NEDA Director-General Romulo Neri. The Speaker said that this project is like creating a new Hong Kong or Singapore right within the country's backyard where investors can be comfortable and free from political interference. He added that if an initial area of 10,000 hectares could be securitized for commercial and industrial uses, at around P5,000 per square meter, the government would be able to generate P500 billion in new wealth for the government, approximating the 75-year leases authorized by law.
12. Organize a large-scale program of non-traditional high-value crops in farms and fisheries to create a new class and a new generation of farmers and fishermen. The Speaker noted that high-value farm crops, vegetables, and fruits have a much, much higher yield than the traditional staple crops of rice and corn. He said that a program of aqua-culture in the coastal areas and in the waters, with thousands of fish cages in the seas of Luzon, Visayas, and Mindanao, growing and culturing sea bass, grouper, pampano, milk fish, cobia, freshwater and saline tilapia, red snapper, sea bream, etc. have assured markets in the frozen and "live" fish markets of China, Hong Kong, Japan, Taiwan, Singapore, the U.S. and Europe with significant foreign-exchange earning, high-profit, and jobs-creating potential.

PLENARY PRESENTATIONS

A. The President's 10-Point Agenda

Secretary Romulo Neri presented the national development agenda anchored on the President's 10-Point Agenda. He cited that the basic tasks for the government in the next six years are:

- ↳ Create 10 Million jobs
- ↳ Triple the loans to self-employed and small business owners
- ↳ Build 6,000 new classrooms a year, grant a college scholarship to every qualified poor family and put a computer in every school
- ↳ Bring electricity to 45,000 barangays and reduce the cost to become the lowest in the region
- ↳ Bring clean water to all towns and Metro Manila barangays
- ↳ Reduce by half the price of commonly used medicines
- ↳ Fight for self-sufficiency in rice production
- ↳ Fight for new roads, bridges and highways to link the nation
- ↳ Fight for more property rights and fight for more legal rights for the people

He stressed that the above tasks should be done with fiscal discipline, thus the government should increase revenue collection, clamp down on tax cheats, and cut waste, fraud and abuse in government.

Secretary Neri cited that to achieve the 10-Point Agenda, the government has the following fighting targets:

- ↳ Create 10 million jobs in six years
- ↳ Increase growth to a sustainable 7% or more up to 2010
- ↳ Bring poverty incidence from 34% to 17%
- ↳ Increase investment rate from 19% of GDP to 28% of GDP in 2 years
- ↳ Increase exports from \$38 Billion to \$50 Billion in 2 years
- ↳ Develop 2 Million hectares of agri-business land
- ↳ Develop and support 3 million entrepreneurs

To balance the budget, the Secretary presented the following proposed legislative measures:

- ↳ Introduce new policy measures i.e. gross income taxation for corporation and self-employed, indexation of excise tax on sin products, increase excise tax on petroleum products, rationalize fiscal incentives, general tax amnesty with submission of SAL, lateral attrition system, franchise tax on telecoms to replace VAT and two-step increase in the VAT rate
- ↳ Push for the enactment of the Fiscal Responsibility Law
- ↳ Push for the enactment of an Omnibus Re-engineering Law
- ↳ Rationalize existing pension/retirement schemes of uniformed personnel and veterans
- ↳ Remove automatic guarantee provisions in certain GOCCs

- ✧ Address NAPOCOR losses through privatization of transmission and generating plants at competitive prices and by addressing the issue of access to Meralco's distribution lines

To address the poor infrastructure performance in the country, Secretary said that the government plans to increase spending on public infrastructure by an incremental of P100 Billion through project based financing and the creation of an infrastructure corporation. In the promotion of global competitiveness and export to create the jobs, he said that the government will focus on five strategic measures, namely:

- ✧ Make food plentiful at reasonable prices
- ✧ Reduce cost of electricity
- ✧ Modernize physical infrastructure and logistics system
- ✧ Mobilize and disseminate knowledge for productivity
- ✧ Reduce red tape in government

Secretary Neri also cited the following measures aim at creating jobs i.e. encouragement of responsible mining, addressing the huge housing backlog, liberalization of airlines, increasing shipping competition and demonopolization of ports, reduction of long distance calls through VOIP, and provide credit, technology and marketing support to SMEs.

To address poverty, the government would pursue the following measures:

- ✧ Provision of 6 million jobs, clean water, power for the entire country, close the classroom gap, low-cost medicine, livelihood credit
- ✧ Diversification of agriculture and off-season livelihood micro-lending and KALAHI-CIDSS measures
- ✧ Passage of Land Reform as Collateral
- ✧ Food support for learning program to ease school drop out rate
- ✧ Emphasis on maternal and child health, women's health and family planning and nutrition
- ✧ Affirmative action of Muslim Mindanao and conflict-affected areas
- ✧ Indexation of health and education budgets to GDP

On the decongestion of Metro Manila, Secretary Neri said that this would be achieved by developing new centers for government, business and housing in each of Luzon, Visayas and Mindanao through the construction of transport links and ancillary housing projects. He also cited specific projects for investors to create wealth, namely:

- ✧ Develop Subic/Clark
- ✧ Link Northern Luzon to the Taiwan-Southern China-Hongkong Growth Triangle
- ✧ Develop SLEX/STAR Expressway as an industrial belt south of Manila
- ✧ Develop San Fernando Airport and Aparri Port as gateways to Northern Luzon
- ✧ Develop Panglao Airport, Northern Palawan Airport and Iloilo Airport as tourism gateways to Central Philippines
- ✧ Enhance tourism complexes i.e. Metro Manila, Cebu-Bohol-Siargao, Northern Palawan, Boracay, Clark-Subic, Cordillera, Ilocos, Davao
- ✧ Tap more geo-thermal springs
- ✧ Develop natural gas fields and use the gas for transport and power
- ✧ Encourage growth of national ship-building industry

- ↳ NRMDC to develop Diwalwal and other mining sites
- ↳ Develop Poro Point and Ligayan Gulf as export outlet to Southern China
- ↳ Complete the Southrail complex all the way to Bicol and build dormitory suburbs linked to railroad hubs

B. Meeting the MDGs by Deborah Landey, UN Resident Coordinator, Dr. Zahidul Huque, UNFPA Representative and Dr. Jean Marc Olive

Dr. Jean Marc Olive made a presentation on the MDGs. The Millennium Declaration was adopted in September 2000 by 189 member states of the United Nations. The Declaration confirmed the commitment of these states to peace and security, respect for human rights, good governance and human development. It also further committed the member states of the United Nations to achieve quantifiable development goals and targets (MDGs) until 2015 that will ensure that development initiative are effectively eradicating poverty and promoting sustainable development.

The UN Strategy for the MDGs are the 1) Millennium Campaign; 2) Millennium Project; 3) Global, Regional, Country-level Monitoring and 4) Operational Country level activities. MDG Campaign in the Philippines includes mainstreaming the MDGs in Executive Offices such as the Office of the President, NEDA, NAPC and DILG. Advocacy in Congress and partnership with LGUs, business, civil society and the youth is also included in this strategy.

In monitoring the progress of MDG in the country, the First Philippine Progress Report was published in January 2003. A second report is already being prepared. The presentation highlighted the issues, challenges and prospects being faced by the Philippines in relation to the MDGs, namely:

1. Eradicate extreme poverty
 - There is a higher magnitude of extreme poor families in the rural areas.
 - Rural poor families account for 70.9% or about 3 out 4 families in the country
 - The number of families below subsistence level increased from 2.4 Million in 1991 to 2.5 Million families in 2000
2. Achieving universal access to primary education
 - Current level of elementary participation rate is at 96.9%
 - High probability of meeting the goal
 - Challenge remains on the retention rate of enrollees and the quality of school teaching
3. Promote gender equality and empower women
 - There is high probability of achieving equality in elementary participation rate
 - But there is a need to further enhance participation of women in the society
4. Reducing child mortality rate
 - There is high probability of achieving target for under 5 mortality rate and infant mortality rate
5. Improve maternal health
 - There is only a medium probability of achieving maternal mortality rate target
 - Rate is highest in ARMM at 320.28 which is almost three times the rate of NCR

6. Combating HIV/AIDS, malaria and other diseases
 - High cases of TB, malaria and dengue
 - Malaria endemic in 65 out of 78 provinces putting at risk a population of 11 Million
 - A dengue epidemic occurs in the Philippines every 3 years
7. Ensuring environmental sustainability
 - The Philippines is making strong efforts in the four key areas of reforestation, biodiversity, renewable energy and reduction of carbon dioxide emissions
 - Continuing issue is the application of existing environmental laws
 - 29% of households in ARMM require safe drinking water
 - Issue on the quality and quantity of water source
 - Probable to achieve the target but with regional disparities
 - There are about 1.3 Million informal settlers identified in key urban centers or about 7.5 Million in 2000; 57% are in Metro Manila
8. Develop a global partnership for development, with targets for aid, trade and debt-relief
 - As off 2003, budget deficit stood at P200 Billion
 - Some P525 Billion worth of foreign manufactured goods and farm produce illegally entered the country last year alone through smuggling
 - Debt servicing has taken up significant portion of the budget due to rising debt

The presentation also highlighted the challenges for Congress which include the following:

- ↳ enactment of measures that support MDGs,
- ↳ holding of annual congressional hearing on MDGs and monitor progress in achieving the MDGs,
- ↳ taking into consideration the MDGs in the budget preparation and exercise of oversight function to ensure proper implementation of laws supporting the MDGs.

The following are the MDG-supportive measures identified in the roundtable discussion held from August 18 to September 22, 2004:

1. Increasing rate of excise tax on alcohol and tobacco
2. Fair and equitable access to education
3. Women empowerment
4. Access to affordable medicines, reproductive health, Hepatitis B immunization
5. Potable water for each barangay
6. Juvenile Justice System Act

KEYNOTE ADDRESS

Her Excellency Gloria Macapagal-Arroyo delivered the Conference's Keynote Address. In her speech, she thanked the vast majority of the House of Representatives who supported her in the last elections. She stressed that she needs the support of Congress again, this time in fulfilling her 10-Point Legacy Agenda amidst the difficulties that the country is facing. She noted that the 12-Point Program presented by Speaker de Venecia to her is very much part of her agenda, particularly the revival of the mining industry, mobilization of investments for Mt.

Diwalwal and the exploration of more oil and gas wells – all geared towards the creation of 10 million jobs.

She cited that her Ten-Point Legacy Program has a meaningful acronym – “BEAT THE ODDS” which means: B – Balanced Budget, E – Education for all, A – Automated Elections, and T – Transportation to connect the whole country for BEAT. T- Terminate Hostilities with the NPA and the MILF, H – Heal the wounds of EDSA and E – Electricity and water for the whole country for THE. O – Opportunities for 10 Million Jobs, D – Decongest Manila and DS – Develop Subic-Clark for ODDs.

She noted that if Congress would support her the way they did during the last elections, the government can BEAT THE ODDS even as the nation faces the threat of a grave economic crisis. She also stressed that national survival rests on the consensus of the different government officials which is what the Legislative Conference seek to achieve.

President Arroyo asked Congress to enact the following measures:

1. Re-engineering Law with silver parachute to promote good governance;
2. Standardization of Day Care teaching to promote education;
3. Farm Land as Collateral and other laws on land titling that constitute the De Soto reforms or the new land reform to promote social justice; and
4. Eight revenue measures to finance growth without resorting to too much borrowing for economic growth.

She thanked the House for assuring that four revenue measures would be passed this year. She congratulated Representatives Jesli Lapus for sponsoring Tax Amnesty and Lateral Attrition bills. She also congratulated and thanked Representatives Herminio Teves, Exequiel Javier, Eric Singson, Junie Cua, Danilo Suarez, Blue Boy Nepomuceno, Rolando Andaya Jr. and Speaker de Venecia for their full support for revenue and other crucial measures.

She emphasized that it is important to enact tax measures before it's too late, while the country is still creditworthy and the country can still grow at 6.2%. Likewise, she stressed that growth cannot be sustained if it is based on borrowings alone, it must be financed by the country's own resources. She noted that the fiscal problem is a cumulated result of incessant borrowings in lieu of generating the proper level of revenues. The growing debt has led to high interest payments. Aside from this, the national government is also saddled with financial obligations to local government units and the increases in shares of these two items has led to the reduction in capital spending and other vital expenditures.

The President cited the important role of the House of Representatives in bridging the gap between the high debt to GDP ratio and the low revenue to GDP ratio through new revenue measures. She stressed that the Executive branch for its part will be vigilant in going after tax cheats, enforcing fiscal discipline and sharpening tax collection efficiency. She said that she has directed the Bureau of Internal Revenue to use all the powers in its command to go after tax evaders. An Executive Order has been signed giving power to the Commissioner of the Bureau of Customs in order to combat smuggling and a command conference is scheduled the week after for the President to assess the performance of each collector. She also noted that she has told her appointees in the Board of GOCCs that if they do not wish to accept the burden of sacrifice and agree to pay cuts, they must resign.

President Arroyo further stressed the importance of working together to beat the odds and to achieve a 7% growth for 7 years. While she acknowledged that this may not happen this year or in the next year, this will eventually happen with the cooperation of the political leaders with the people and with one another.

WORKSHOP HIGHLIGHTS

1. Agricultural Modernization, Rural Development and Food Security

Dr. Artemio Salazar of the College of Agriculture, University of the Philippines-Los Baños. Presentors were Dr. Cristina David and Dr. Eliseo Ponce from the Philippine Institute for Development Studies.

In the presentation, Dr. David and Dr. Ponce noted that agriculture products are expensive in the country compared to Thailand, Indonesia, Malaysia, and Vietnam, due to the growth problem in our yield. Problem in yield, according to them, has something to do with the natural calamity or the weather since typhoon visits our country more than five times a year.

Also, they noted that of the 5 million hectares of irrigable land that can be utilized as rice field, only 1 million is irrigated and among that 1 million, only 800,000 hectares are functionally irrigated. So, not only the typhoon is our problem, but also engineering and the budget. Neighboring Asian countries are doing well in terms of production.

In the discussion issues that surfaced include: that the Agricultural Fisheries Modernization Act (AFMA) is a historic law but there is a need to amend some provisions of the law; and that the country does not have irrigation policy outside of rice, and this is such a concern that should be integrated in the AFMA. It was noted that there is lack of “food policy” for the Philippines to be self sufficient.

The following questions were raised during the discussions:

- ↳ What is the constraint, the BUDGET or the POLICY?
- ↳ Which should be prioritized, FARMER SUPPORT or PRICE CONTROL?
CONSUMERS SUBSIDY or PRODUCERS SUBSIDY?
- ↳ What kind of policy do you want? PURE IMPORT?

The body agreed that since DA proper is constantly losing good people with technical expertise, there is a need of restructuring the bureaucracy by limiting the level of political appointees protects the technically competent choice, increase CESO targets with technical competence.

No resolution was met to give way to a proposed integration of a “food policy” from the experts in the field of Agriculture. Instead, the body agreed that interested parties should submit further studies on the matter for the House to consider.

Some major outputs of the workshop are:

- ↳ On the problem of under investment, weak institution, scarce senior researcher, and poor research, legislative proposals for these problems are to give half of the budget to

Research and Development, restructuring bureaucracy and restructuring bureaucracy along the system. Their target time to accomplish these is 1 – 3 years.

- ↳ On the problem of professionalization of the DA bureaucracy, the body proposed institutionalizing of salary between the LGU's and NGO on the training of technicians, also, defining the national fold policy.
- ↳ On the problem of weal linkages, their proposed solutions are the implementation of AFMA and review on high value crops law
- ↳ On other concerns such as strategic and fisheries development zone, credit, infrastructure, and lack of funding support for AFMA implementation, the legislative proposals are:
 - A resolution using DA to fully implement Section 6 of AFMA
 - Review of AFMA and a bill for high value crop land
 - Review of AFMA oversight fund, and (d) the review of AFMA.

2. Harnessing and Regenerating Natural Resources

Prof. Patricia Lontoc of the Asian Institute of Management facilitated the workshop. Dr. Rafael Guerrero III of the Department of Science and Technology delivered the presentation. Dr. Guerrero raised the following issues and concerns facing the fisheries sector:

- ↳ Overfishing due to open access regime, illegal fishing practices, and too many fishers resulting in \$120 Million in annual economic losses
- ↳ Degradation of eco-systems:
 - 75% (27,000 sq.km.) coral reefs are degraded
 - mangrove areas are reduced from 450,000 ha in 1918 to less than 100,000 ha in 2000
 - eutrophication of coastal waters with intensive culture of milkfish
- ↳ Low productivity of fishponds due to lack of inputs, proper technology and extension
- ↳ Inadequacy of local support especially from LGUs
- ↳ Lack of research and information/database

The problems Dr. Guerrero cited were attributed to the following factors, which were dubbed as pitfalls in governance:

- ↳ Lack of funds to properly enforce existing environmental protection laws
- ↳ Low capacity for law enforcement (institutional inadequacies in manpower number and competence and in equipment)
- ↳ Lack of awareness of stakeholders i.e. LGUs, communities

In line with these, the body deemed it crucial to pursue the following measures:

- ↳ Review of the Fisheries Code
- ↳ National Land Use Act
- ↳ Sustainable Forest Management Act

- ↳ Review of the Mining Act of 1995 (to include provisions of responsible mining through performance contract/rehabilitation of mined areas)
- ↳ Land Administration Reform Act
- ↳ Water Resources Management Act
- ↳ Coastal Resources Management Act
- ↳ New Environmental Code
- ↳ Reaffirm Congress' oversight function over effective implementation of environmental protection laws.

3. Addressing the Looming Fiscal Crisis

Dr. Mario Lamberte of the Philippine Institute for Development Studies was the workshop's facilitator. Presentor was Dr. Rosario Manasan who is also from PIDS.

In her presentation, Dr. Manasan noted that the fiscal problem is the most pressing problem today. The national government's deficit rose persistently since 1998. Policy mistakes i.e. incomplete implementation of the Comprehensive Tax Reform Program, not putting in place correction measures i.e. indexation of sin taxes and the bad quality of fiscal adjustment exacerbated the problem. As a result, government debt increases, interest payments rise thus resulting in even larger deficits and even higher levels of debt stock. She added that large fiscal deficits tend to crowd out private investments as pressure is exerted on interest rates.

To address this problem, Dr. Manasan suggested that the burden of adjustment should rest on revenue side – both on tax administration reform and tax policy, public expenditure management reform – focus on minimizing waste and curbing corruption, and GOCC reform. She cited the following tax policy reforms:

- ↳ Indexation of excise tax on sin products
- ↳ Rationalization of fiscal incentives
- ↳ Indexation of excise tax on petroleum products
- ↳ Increase in VAT rate
- ↳ Gross income tax for corporations/self-employed individuals
- ↳ Windfall tax on excess profits of telcos
- ↳ Institutionalization of performance-driven systems for revenue agencies
- ↳ Tax amnesty
- ↳ Reduction in exemptions in VAT
- ↳ Use of presumptive income levels for non-wage earners
- ↳ Import surcharge
- ↳ Excise tax on text messaging
- ↳ Wider coverage for excise tax on luxury consumption
- ↳ Creation of independent revenue authority

Dr. Manasan noted that the merit of proposed changes in tax policy should be evaluated on the basis of ability to raise revenues, ease of administration, tax neutrality, and vertical equity. Based on these criteria, she cited the following tax measures as must do:

- ↳ Indexation of excise tax on sin products
- ↳ Rationalization of fiscal incentives
- ↳ Broadening of tax base – limiting exemptions from VAT, use of presumptive income levels for hard to tax groups

- ↳ Indexation of excise tax on petroleum products (a good tax but may not be politically feasible given continuing rise in world price of crude oil)

She added that the following taxes may not be necessarily good but will give high revenue yield for the government:

- ↳ Across the board import surcharge
- ↳ Increase in VAT rate
- ↳ Excise tax on text messaging

Other tax measures that may be adopted are the increase in road users tax and the broadening of coverage of excise tax on luxury consumption including automobiles. On the other hand she note that the following new tax measures might be counterproductive

- ↳ Shift to gross income taxation
- ↳ Windfall tax on excess profits of telcos
- ↳ Tax amnesty

For tax administration reform, Dr. Manasan cited the need to institutionalize ongoing procedural systems reform in BIR and use of presumptive income levels to non-wage earners.

Director Wilhelm Ortaliz briefed the participants on the recommendations arrived at during the Round Table Discussion held on 15 September. These included priority legislative and executive action plans to increase revenue collection, improve tax administration, rationalize fiscal incentives and improve GOCC performance.

Participating members of the House of Representatives took turns in reacting to the RTD recommendations. For instance, Chairman Jesli Lapus of the Committee on Ways and Means explained why the proposals for tax amnesty and lateral attrition were given immediate attention by his Committee. Aside from being included in the President's eight legislative proposals to increase revenues, these two measures are also believed to send right signals to creditors. Rep. Lapus argued that improving creditor's perception is as good as shoring up more tax revenues for government.

Rep. Danilo Suarez said that telecommunication companies are registering windfall profits because of their inefficiencies e.g. poorly managed cellsites and customer subscription beyond service capacity.

Rep. Herminio Teves maintains that the Bureau of Internal Revenue needs to improve its revenue forecasting methodology. He said that BIR is not collecting proper taxes because of its inability to determine the tax potential by district, by industry and by type of tax.

After the discussion, the participants outlined the legislative measures that will address the looming fiscal deficit. Top in the priority list is the excise tax on alcohol and tobacco products. It is expected that the proposal will be approved on third reading before the end of 2004. Other priority measures for 2004 include rationalization of fiscal incentives, lateral attrition and tax amnesty.

4. Investing in Education and Generating Employment

The workshop facilitator is Dr. Aniceto Orbeta of the Philippine Institute for Development Studies. Assistance Secretary Camilo Miguel Montesa of the Department of Education delivered the presentation on the state of education in the country.

On the issue of quality and access to education, the group noted the following:

- ↳ The country's participation rate of 97% may be a positive indicator but this is negated by the low pupil achievement rate. A lot of "catching up" happens: (1) in high school for those who have entered the next level despite low levels of mastery in grade school competencies; and (2) at college, where one year is devoted to remedial classes in English, Science and Mathematics.
- ↳ Increasing the number of school years from 10 to 12 is imperative to make our education system more competitive. Institutionalizing the ECCD, which can be a 2-year or one-year program, makes for the additional 2 years needed for competitiveness.
- ↳ There is also a need to institutionalize the existing policy on medium of instruction, which is the use of English and Tagalog by setting the importance of one over the other. The proposed measure posits a 70%-30% billing in favor of English. This bill protects the formula/percentages from the whim of the secretary.
- ↳ In order to regain competitive advantage in the global world, we must upgrade English fluency and comprehension in the students. The same bill mentioned earlier mandates all networks to show English programs during prime time in television and radio. Present programming trend where even foreign shows and cartoons are dubbed in Filipino and most news programs are given in Taglish do not help improve English comprehension.
- ↳ Allow modification in curriculum per region as seen fit by LGUs. In same manner, give them flexibility in adopting right teaching style or method.
- ↳ Distance learning education (DLE) is an alternate mode of learning. The proposed measure institutionalizing DLE includes the provision of franchising of television, radio and print media for knowledge programming. There will be incentives to those who will participate in DLE.
- ↳ The proposed measure accrediting NFE provides for the institutionalization of the partnerships of DepEd, the LGU and the NGO. There are already existing NFE centers but the relationships between and among these three have not been standardized and formalized. The proposed bill takes care of that.

On resource gaps, the following were discussed:

- ↳ Resource backlogs will remain and accumulate because student enrolment increases at a greater rate than the agency budget. However, since most of these resource gaps are in the high school level, spending 30% of the increase in agency budget to funding GATSPE will alleviate shortages in classrooms, teachers and textbooks. This kind of long-term policy will encourage private schools to offer their unused capacity or maybe even build more classrooms.

- ↳ With regard to the teacher shortage, this is only artificial. The teacher-student ratios (TSR) are not alike in all regions. On the one hand, there are regions with TSR below the national average, and on the other hand, there are regions with TSR above the national average. The answer to the problem seems obvious: pluck teachers from high TSR regions and put them in low TSR regions. However, the Magna Carta on Teachers restricts flexibility in deployment of teachers. Movement of teachers from one place to another without getting the consent of the affected party can only be done in the “exigency of service”.
- ↳ Instead of amending the Magna Carta of Teachers re transfer of teachers from one place to another, the “exigency of service” can be defined as to allow transfer of excess teachers to places where there is critical shortage. This can be realized through a department order or issuance.
- ↳ A possible source to fund critical shortages is the recovered Marcos wealth. A bill may be passed to use 50% of the 38B for basic education.
- ↳ In budget allocation per region, the department must consider the SEF being ploughed into its education sector. Municipal schools get 0.5% of SEF; provincial and city schools gets 1.5% each. This implies that funds will be given to more critical areas (where the SEF is smaller). Rich LGUs are given less than poor LGUs.
- ↳ The department must provide budget for school lot acquisition. The department must not depend on LGU donation. In improving school premises, the schools’ alumni can be tapped to fund school improvements.

On politics in education, the body agreed that:

- ↳ The removal of teachers from the electoral process will depend on the implementation of the computerization program. An option could be their replacement of new college graduates.
- ↳ Removing politics in the hiring of superintendents/principals may be done through a search committee as is being done when looking for president of a SUC. Applicants will have to pass through qualifying examinations.
- ↳ Professionalization of DepEd must be improved. There is a need to increase the ratio of CESOs in the entire organization. The lack of principals is not a budget-related problem because teacher items can be converted to principal items. It is more a problem of qualifications.

5. Enhancing the Country’s Competitiveness

The workshop was facilitated by Dr. Gilbert Llanto. Dr. Erlinda Medalla of the Philippine Institute of Development Studies (PIDS) presented a paper on enhancing the country’s competitiveness.

Dr. Medalla outlined three important conditions to improve the competitiveness of the economic environment of the country, namely (1) stable trade and investment policy environment; (2) create a culture of competition; and (3) capability/institution-building.

Likewise, she stressed the need to resolve major constraints in the following areas: infrastructure, technology diffusion and labor productivity.

A major portion of the presentation delved on the power sector. She identified pressing problems affecting the performance of the sector, namely:

- ↳ NPC left with unused power—stranded cost;
- ↳ Suspension of payment of PPA;
- ↳ High power costs
- ↳ Overcapacity until 2007

On telecommunications, Medalla argued that the effectiveness of competition policy is being threatened by the issues of lack of explicit rules on access to essential facilities, determination of what's essential facility, and policy on vertical and horizontal mergers.

After Medalla's presentation, Representative Edgardo Chatto reported the workshop output in the preparatory roundtable discussion output held last September 16 at Century Park Hotel.

Secretary dela Pena of DOST emphasized the need to invest on Research and Development (R&D) but also cautioned on the economic implications of the shortages of technological services in some regions due to Manila-centered operations.

Rep. Roilo Golez commented that the government should consider enhancing communication companies to expand the coverage of communication facilities, that is, to create a bill that will encourage companies to provide wide coverage of services. He suggested that a Convergence Bill should be created to promote the efficient and effective delivery of communication services.

Rep. Simeon Kintanar, on the other hand, raised a proposal on establishing a separate department for communication. The body supported the proposal including the measure to streamline the NTC. He opined that e-governance should also trickle down to the local government level. This allows for the promotion of productivity and performance of the public sector and will foster broader citizen participation in the governing process. More importantly, it would promote transparency within the government.

On matters regarding tourism and domestic shipping, the group considered the proposal on extending the open sky policy to improve tourism in the country. This, they say, would lead to greater competition and improved customer services.

6. Reforming Governance and Public Service Delivery

Mr. Ramon Casiple of the Institute for Political and Electoral Reform facilitated the workshop. Dr. J. Prospero de Vera of the National College of Public Administration and Governance presented the major issues facing governance

In his presentation, Dr. de Vera highlighted the importance of defining the concept of governance which generally refer to policies and institutions. He said that the most commonly used indicators of good governance are accountability, transparency, predictability, participation, equity, efficiency, gender sensitivity, justice, and fairness. He cited that the biggest challenge to public sector governance is Constitutional amendments i.e. shift from unitary to federal form of

government, presidential to parliamentary and bicameral to unicameral legislature. He noted that Charter Change may take time and proposed the following measures to address challenges in governance while waiting for it:

- ↳ Further expansion of devolved powers
- ↳ Revisit of the IRA debate
- ↳ Reduce central government control
- ↳ Correct problems of LGU conversion, recall, Executive-Legislative conflict
- ↳ Enhance people participation
- ↳ Campaign Finance Reform
- ↳ Computerization of elections
- ↳ Revisit RA 9006 (Political Ads)
- ↳ Revisit Absentee Voting Law
- ↳ Amend the Party List Law
- ↳ Revisit political dynasty issue
- ↳ Enact law on sectoral representation in local legislative bodies

To address corruption, Dr. de Vera stressed the need to revisit past lessons in this area and to strengthen legislative oversight. He likewise proposed the enactment of Freedom of Information Law and Sunshine Law to promote transparency in government transactions. Civil service reform and government reorganization are also proposed.

The body agreed that there is a need to address governance issues and to stop corruption in government. Measures for political and electoral reforms, greater access to information, to strengthen the civil service, and to strengthen the Local Government Code were recommended. The body also agreed to reform the government through Constitutional amendments with the caveat that the amendments proposed should first be studied carefully to determine the appropriate structure for the country. Also, the changes should be able to meet the needs of the Filipino people.

7. Meeting the Millennium Development Goals

Mr. Ramon San Pascual of the Philippine Legislators Committee on Population and Development (PLCPD) facilitated the workshop with former Senator Leticia Shahani as presentor. Former Senator Shahani presented the following Millennium Development Goals:

- ↳ Eradicate extreme poverty and hunger
- ↳ Achieve universal primary education
- ↳ Promote gender equality and empower women
- ↳ Reduce child mortality
- ↳ Improve women's reproductive health
- ↳ Combat HIV/AIDS, Malaria and other diseases
- ↳ Ensure environmental sustainability
- ↳ Develop global partnership for development

In the discussion it was noted that the Philippines might not succeed in reaching any of the MDGs unless major shifts are achieved in economic expansion and population growth rates, and unless government resources for social services are increased significantly and used more effectively.

Specifically, Philippine development issues and challenges that need to be addressed are:

- ↳ Fiscal crisis and debt burden
- ↳ Weak, unsustainable economy
- ↳ Social inequality
- ↳ Inefficient governance and corruption
- ↳ Rapid population growth

It was also noted raised that Local Government Units were not ready to adopt the devolved functions coming from the national government such as the health services, agricultural extension services, etc. Further, agricultural extension services are weak and often times extension personnel cannot be found in the field.

As far as the brain drain or migration of Filipino professionals and skilled workers is concern, it was agreed upon that ways or means should be found in regulating this situation. However, it was also noted that in order to regulate the situation the state must be ready to provide jobs or food to the job hunters or else let them go to find jobs somewhere.

It was suggested that tuition fees of state universities and colleges should be raised or else require SUCs graduates to work in the government before going abroad in order to recover tuition fees subsidize by the government. With the absence of policies restricting newly SUCs graduates to work or migrate as soon as they graduated, the Philippines is subsidizing the foreign countries human resource requirements. Further, foreign currency remittances is lost for the fact that other countries allow OFW to bring with them their families.

The PLCPD presented a comprehensive list of proposed measures in pursuits of the MDGs as a result of the multisectoral conferences and workshops in partnership with NEDA, PBSP, Social Watch Philippines and the UN Country Team. However, after considering all issues and concerns the group agreed to give priority to the following legislative measures:

1. Institutionalizing the framework for MDG Oversight by creating a House Special Committee on MDGs to:
 - ↳ Ensure the passage of MDG-supportive bills
 - ↳ Study/Assess the effectiveness of MDG-supportive laws
 - ↳ Institute a progress review every 18 months
 - ↳ Have a yearly budget advocacy for MDGs in order to determine the MDG-supportive items in the on-going budget review
2. Financing the MDGs/Debt Management through a:
 - ↳ Joint Congressional Commission on Debt Audit
 - ↳ Resolution to explore debt-for-MDG swap
 - ↳ Creation of an Independent Debt management Office (the only agency that will issue sovereign guarantees)
3. Poverty/health/gender through the passage of Reproductive Health Care Bill
4. Population/migration/gender through a policy study and regulation of migration and brain drain on skilled labor and professionals

8. Creating New Wealth for the Philippines

The facilitator for this workshop is Prof. Victor Limlingan from the Asian Institute of Management with Speaker De Venecia as presenter. Prof. Limlingan solicited reactions and inputs on each of the Speaker's 12-Point Program.

On reviving the mining industry, the group discussed the issue of the constitutionality of the Mining Industry Act. The discussion centered on the need to make the distinction between economic rights and legal ownership rights categorical to prevent what happened to the Mining Act where it was declared unconstitutional by the Supreme Court. The body agreed to move for the amendment of Mining Act to make it more attractive to foreign investors.

On mobilizing international and local investors to develop Mt. Diwalwal, issues of attracting foreign investments in the mine, balancing the interest of the various stakeholders i.e. miners, environmentalists, indigenous peoples and environmental issues such as pollution were tackled. The group agreed to file a motion for reconsideration to the Supreme Court, increase capitalization of the Natural Resource Development Center and to write a letter to the President calling for a national and regional summit of all stakeholders in the mining industry.

On the exploration and development of more oil and gas wells like Malampaya, the group agreed to promote oil and gas exploration with a contract similar to the 1992 contract which allows foreigner to drill oil in the Philippines on a cost-sharing basis. The group also agreed that there is a need to attract more key-player investors in the industry which may be possible through provision of additional incentives.

On the relaunching of a massive reclamation program, the Speaker said that the previous reclamation project was conceived based on the economic success of Hongkong and Singapore on auctioned reclamation projects. The country can emulate this, he said, but the Supreme Court nullified past reclamation projects. In this regard, the group agreed to file a bill on reclamation that will offset the Supreme Court decision and to push for the amendment of economic provisions in the Constitution.

On the nationwide reforestation program, the success of Costa Rica on carbon emission credit program was cited. It was also noted that 100 Million timberland trees would earn \$10 Billion in 10 years. With the declining forest cover, the group agreed to push for the enactment of the Billion Trees Act and to pass a bill similar to the carbon emission credit program of Costa Rica.

On the reinvigoration of the tourism industry, problems of too many immigration requirements, peace and order, and poor infrastructure facilities has led to the poor performance of the industry. To address these, the group agreed to adopt the McKinsey report on tourism i.e. liberalize visa requirement, initiate a bilateral open skies agreement with major Asian countries and improve infrastructure facilities and the peace and order situation.

On the creation of a national infrastructure corporation, the body noted that there are many problems relating to infrastructure. Cited are ODA projects, which can't be implemented because of counterpart funds problem. Among the recommendation of the group were for the government to undertake projects that can later be taken over by a local company, issuance of certificate from BSP to BOT projects for cost-sharing, and to encourage local business leaders to undertake BOT projects.

On jumpstarting the housing sector, the body noted that despite the numerous agencies mandated to implement housing policies and programs, the problem of lack of housing remains unresolved. It was therefore agreed that there is a need to rationalize housing agencies and bring them under the leadership of a Department Secretary. It was also recommended that payments of homeowners should also be on a long-term mortgage; land titling agencies should be integrated and to ensure an effective securitization market for housing mortgage. It was noted that the Securitization Law still needs an IRR before full implementation.

On the development and expansion of the IT sector, the body agreed to push for the passage of the bill on IT development and the creation of the DICT. It was also recommended that a massive marketing of services being outsourced by mature economies such as the US.

On the unleashing of the poor's economic potential, the body supports the government's plan to provide urban squatters with their own land which can serve as collateral following the De Soto principle. The body agreed to pass immediately a bill allowing farmland as collateral and urban land reform bill to distinguish its objects with the law on agrarian reform.

On the development of Subic and Clark, the group agreed to move for the securitization of portions of these two economic zones as this would provide them with a special charter. The charter would isolate these areas from political interference and allow them to vigorously pursue growth-enhancing programs.

On the organization of large-scale program for non-traditional high value crops, the body agreed to develop program for fish and shrimp hatcheries in the entire country, support program for fish cages (sea ranches) and establish agri-tourism special economic zone.

SECOND PLENARY

After the Conference workshops, the participants gathered at the Diosdado Macapagal Hall at 4:30 pm for the presentation of the workshop outputs. Each workshop group assigned a Rapporteur to report to the Plenary the output of each. The following reported for the respective workshops:

1. Agriculture – Hon. Juan Edgardo Angara
2. Natural Resources – Hon. Leovigildo Banaag
3. Fiscal – Hon. Herminio Teves
4. Education – Hon. Edmund Reyes
5. Governance – Hon. Etta Rosales
6. Competitiveness – Hon. Edgar Chato
7. MDGs – Hon. Carlos Lacson
8. New Wealth – Hon. Antonino Roman

Attached are the eight workshop outputs.

CLOSING STATEMENTS

Deputy Speaker for the Visayas Raul del Mar delivered the Conference's Closing Remarks. In his speech he acknowledged the success of the Conference and the thanked the Conference participants for their support and cooperation. He also cited the Conference

Secretariat—the Congressional Planning and Budget Department and Committee Affairs Department—for providing exemplary staff and logistic support.

Deputy Speaker del Mar called Director General Rodolfo Vicerra of CPBD and Deputy Secretary General Arlene Dada Arnaldo of CAD on stage to officially submit the Conference workshop documents to Speaker de Venecia.

Attachments:

1. Conference Workshop Outputs
2. List of Conference Participants, Guests and Secretariat Staff
3. Conference Programme
4. Conference Kit