

**PRELIMINARY FINDINGS
OF THE
COMMITTEE ON OVERSIGHT
ON THE PRESIDENT'S COMMITMENTS IN HER
STATE OF THE NATION ADDRESS OF 2001**

July 2002

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ABBREVIATIONS

A & D LANDS	:	Alienable and Disposable Lands
ADMP	:	Ancestral Domain Management Program
AFMA	:	Agriculture and Fisheries Modernization Act
AFP	:	Armed Forces of the Philippines
ARB	:	Agrarian Reform Beneficiaries
ARED	:	Assistant Regional Executive Director
ASG	:	Abu Sayyaf Group
BCDA	:	Bases Conversion Development Authority
BFAD	:	Bureau of Food and Drug
BLAD	:	Bureau of Land Acquisition and Distribution
BIR	:	Bureau of Internal Revenue
BoC	:	Bureau of Customs
BOO	:	Build Operate Own
BTr	:	Bureau of Treasury
BT	:	Build Transfer
CA	:	Certificate of Allocation
CADCs	:	Certificate of Ancestral Domain Claims
CADTs	:	Certificate of Ancestral Domain Titles
CALCs	:	Certificate of Ancestral Land Claims
CALTs	:	Certificate of Ancestral Land Titles
CARP	:	Comprehensive Agrarian Reform Program
CENRO	:	Community Environment and Natural Resources Office
CLOA	:	Certificate of Land Ownership Award
COMELEC	:	Commission on Elections
CSW	:	Completed Staff Work
DA	:	Department of Agriculture
DAR	:	Department of Agrarian Reform
DARAB	:	Department of Agrarian Reform Adjudicatory Board
DBM	:	Department of Budget and Management
DBP	:	Development Bank of the Philippines
DENR	:	Department of Environment and Natural Resources
DepEd	:	Department of Education
DILG	:	Department of Interior and Local Government
DLS	:	Driver's Licensing System
DND	:	Department of National Defense
DOE	:	Department of Energy
DOF	:	Department of Finance
DOH	:	Department of Health
DOJ	:	Department of Justice
DOLE	:	Department of Labor and Employment
DOST	:	Department of Science and Trade
DOTC	:	Department of Transportation and Communication
DPWH	:	Department of Public Works and Highways
DSWD	:	Department of Social Welfare and Development
DTI	:	Department of Trade and Industry
ECC	:	Environmental Clearance Certificates
ERC	:	Energy Regulatory Commission
FIES	:	Family Income and Expenditure Survey
GAA	:	General Appropriations Act
GSIS	:	Government Services and Insurance System
HDMF	:	Home Development Mutual Fund
HGC	:	Home Guaranty Corporation

HLURB	:	Housing and Land Use Regulatory Board
HUDCC	:	Housing and Urban Development Coordinating Council
ICS	:	Inventory on the CARP Scope
IPRA	:	Indigenous Peoples Rights Act
ISC	:	Internal Security Corporations
JICA	:	Japan International Cooperation Agency
KFR	:	Kidnap for Ransom
LBP	:	Land Bank of the Philippines
LGU	:	Local Government Unit
LRA	:	Land Registration Authority
LRTA	:	Light Rail Transit Authority
LTO	:	Land Transportation Office
MMDA	:	Metro Manila Development Authority
MRT	:	Metro Rail Transit
MTPDP	:	Medium Term Philippine Development Plan
NAFES	:	National Agricultural and Fisheries Ed System
NBI	:	National Bureau of Investigation
NCIP	:	National Commission on Indigenous People
NEDA	:	National Economic Development Authority
NFA	:	National Food Authority
NGO	:	Non-Government Organization
NHA	:	National Housing Authority
NHIP	:	National Health Insurance Program
NIA	:	National Irrigation Administration
NLTP	:	North Luzon Tollways Project
NPC	:	National Power Corporation
OFW	:	Overseas Filipino Workers
OMJ	:	Office of Million Jobs
OPAIPA	:	Office of the Presidential Adviser for Indigenous Peoples Affairs
OPEC	:	Organization of Petroleum Exporting Countries
OTC	:	Over the Counter
PCSO	:	Philippine Charity Sweepstakes Office
PIDS	:	Philippine Institute for Development Studies
PDI	:	Parallel Drug Importation
PHAP	:	Pharmaceutical and Healthcare Association of the Philippines
PHIC	:	Philippine Health Insurance Corporation
PMS	:	Presidential Management Staff
PNP	:	Philippine National Police
RC	:	Redemption Center
RED	:	Regional Executive Director
RS	:	Rolling Stores
SLF	:	Sanitary Land Fills
SSS	:	Social Security System
SUCs	:	State Colleges and Universities
TAB	:	Traffic Adjudicatory Board
TSN	:	Transcript of Stenographic Notes
WTO	:	World Trade Organization
WVRF	:	Waste Volume Reduction facilities

CONGRESSIONAL OVERSIGHT REPORT ON THE PRESIDENT’S COMMITMENTS IN HER STATE-OF-THE NATION-ADDRESS OF 2001

“There is no greater burden than a great potential.”
- Charles Schultz
Creator of Snoopy

I. INTRODUCTION

Under the leadership of Speaker Jose C. De Venecia, the 12th Congress of the House of Representatives has pushed its constitutional role of check-and-balance beyond the traditional criticism of the Executive towards a more constructive approach using modern management techniques. Congress instituted a standing committee -- the Committee on Oversight -- to continuously watch over the Executive implementation of laws and policy pronouncements and provide for its remedial legislation. And, the first mandate to the Committee was to monitor the President’s 2001 State of the Nation Address (SONA) commitments. The Committee will also be monitoring government commitments under the **National Socio-Economic Summit** (NSES) and the **Medium-Term Philippine Development Plan** (MTPDP) and directions pursued by the **Legislative-Executive Development Advisory Council** (LEDAC).

Several public hearings were conducted enabling Executive agencies to report on their corresponding accomplishment versus target. The Committee focused on 35 quantifiable commitments. In validating reported performance, the Committee conducted surveys, interviews, field research and other forms of verification.

All told, our findings suggest that there has been technical and substantial compliance by the Executive Branch to the President’s 2001 SONA commitments with 22 positive compliances and 13 underperforming segments as tabulated below.

1. P20bn AFMA budget	+	
2. Rice sold at P14/kg	+	
3. 1,000 rolling stores	+	
4. MALMAR	+	
5. 1m agricultural jobs	+	
6. 100,000 has. private lands	+	
7. 100,000 has public lands		-
8. 100 ancestral domain		-
9. 150,000 urban titles	+	
10. 100,000 housing workers	+	
11. 50,000 urban housing	+	
12. P20bn housing funds	+	
13. Housing signatures	+	
14. NHIC 500,000	+	
15. Lower medicine prices		-
16. Garbage		-
17. Traffic		-
18. Mass transport		-

19. LTO licenses	+	
20. NBI clearance	+	
21. Red tape/signatures	+	
22. Energization	+	
23. Lower power rates		-
24. P1bn PNP modern'n		-
25. Abu Sayyaf elimination	+	
26. Kidnapping		-
27. AFP modernization	+	
28. P500m OPEC Fund		-
29. Women microfinance	+	
30. OFW provident fund	+	
31. OSY employment		-
32. Education		-
33. P1.5bn add'l teachers	+	
34. Textbooks		-
35. Electoral modernization	+	
Total	22	13

Among the outperformers, the most impressive is the President's compliance to her commitment to agriculture and the creation of one (1) million jobs in this sector. Aside from hefty Landbank loan releases, more than 2/3 of the DA's 2002 budget had been released as of May 2002. 2002 marked the first time that AFMA was fully funded. And this had two positive results (1) farm jobs grew by 671,000 in April 2002 after a .6m reduction in 2000 and .5m in 2001 and (2) agri GDP grew by 6% in 4Q 2001 and 4.62% in 1Q 2002.

Another positive highlight that may rekindle public confidence is the near-elimination of the Abu Sayyaf threat. The APF Modernisation also received its first substantial funding since enactment in 1995. The fourth honors will probably go to the barangay energization with 101% accomplishment and where the government established a record 110 barangays per month versus Erap's 101. Ramos' 46 and Aquino's 39.

Nonetheless, given the daunting challenges, there were shortfalls that need immediate and decisive remedies. Among the major shortcomings are (1) 50% reduction of prices in commonly used medicines (2) the reduction of power rate (3) garbage (4) land redistribution particularly on ancestral domain, and (5) kidnappings. Sadly, such shortfalls are being felt on the more politically sensitive domain. These issues directly affect the well-being of the impatient masses seeking immediate relief and tangible results. Thus, we should not be surprised if the general public impression would be less positive since they constitute the more politically powerful indices of performance.

The Committee on Oversight welcomes the 10-pt. agenda to reduce power rates as remedial action to a SONA failure on the energy front. But, the fact remains people are paying higher power rates after the SONA. Moreover, no similar program was conceived to address the issue of medicine prices.

In the run-up to the next SONA, the Committee noted "cramming" by the administration on three fronts: schoolbuildings, housing and employment of OSYs. Funds scrambled from the

President's Social Fund for the 220 schoolbuildings were released only on July 1, 2002 to the AFP-PA that was able to complete only 6 units by end-June. Housing targets were met mainly through wholesale loans to developers where end-user take-up remains doubtful and the ingenious insertion of the 25,000 units under the Mt. Pinatubo Resettlement Project, of which only 3,000 were new. 10,000 of the 20,000 OSYs will start working only on July 9, 2002 or 13 days before SONA. There was only one instance of target resetting- housing - where 20,000 units were reduced from the more difficult formal sector and shifted to the easier informal sector. Otherwise, the administration did not pull out any creative accounting or other clever devices of superficial compliance.

Without doubt, the Committee is a witness to the methodical [almost mechanistic] approach rigorously employed by the President to meet her SONA commitments. Her executive abilities and work ethic are well known but these are being constantly tested by structural constraints, many of which were inherited. She can not do it alone. And, her seeming passion to meet targets is not streaming down to a stubborn bureaucracy.

Fiscal constraints were a persistent refrain as a scapegoat for the underperformers in ten (10) items, namely: private land redistribution, distribution of ancestral domain, schoolbuilding, garbage, modernization of the Armed Forces of the Philippines (AFP), the Philippine National Police (PNP), the Commission on Elections (COMELEC) and mass transportation. Legislative constraint was imposed mainly on power rate reduction.

Placed in historical context, the 2001 SONA was apparently an overreaction of the administration to the events of May 2001 that coerced the President to take dramatic populist positions on almost all policy fronts. Some of them, like cutting medicine prices by half in one year, are proving to be unrealistic or unsustainable even if achieved. Nevertheless, they remain valid as social goals that should be persistently yet patiently pursued. SONA commitments cannot be taken as rigid indicators of the success or failure of the Arroyo Presidency. But government pronouncements should prompt positive consequences on the everyday lives of the Filipino.

Looking ahead to the next and future SONAs, these findings should not be a pretext for any recourse to convenient targeting just to allow easy outperformance considering that the problem of poverty continues to stalk our lives, particularly the *masa*. This is most expedient to the issue of reduction of power rates and prices of medicine that should be priority public policies with or without SONA.

Certainly, Congress must play its part beyond criticizing by expeditiously passing laws that would enable the President and her team to meet her commitments. Of the 16 SONA legislative measures, only two (Anti-Money Laundering and Anti-Drug Trafficking) became law. The House of Representatives passed two other economic measures- SPAV and Securitization before Congress went into an abrupt recess.

The Committee would like to thank the Presidential Management Staff (PMS), particularly Usec. Ricardo Saludo, whose parallel internal monitoring within the executive and close cooperation with the committee enabled us to perform our functions. Except for some, Executive agencies were equally cooperative in assisting the Committee on its data gathering and research work.

JOEY SARTE SALCEDA

SONA PROMISES EXECUTIVE SUMMARY

The Promises	Rating	Status/Remarks
A. AGRICULTURE		
1. No less than P20B budget for AFMA every year	CY 2002-97.0%	<ol style="list-style-type: none"> 1. Under 2002 GAA, actual allocation for AFMA is P19.486 billion or 97% in technical compliance with the President's annual commitment of P20 billion for AFMA. 2. Out of P11.2 billion DA budget, P7.4 billion or more than 2/3 was already released as of May 2002. 3. However, LBP loan releases of P13.940 billion should have not been included in agency report but treated separately. 4. For Calendar Year (CY) 2001, DA and other government agencies implementing AFMA reported P24.21 billion was utilized/ released. DA accounted for 77% of the total amount released. DPWH and DAR contributed 15.6% and 3.74%, respectively. 5. Reenacted GAA revealed only P13.825 billion was actually allotted for the implementation of AFMA in CY 2001. Budget allocation merely constituted 69% of the P20 billion required by the AFMA. 6. Some AFMA accomplishments were actually Department activities undertaken under regular agency budget allocation. 7. Future SONA initiatives should focus on (1) increasing the direct AFMA allocation of the DA, being the lead agency and (2) a commitment to finally release cocolevy funds to benefit coconut farmers.
2. Rice sold at Rolling Store at P14/k from P18/k	First SONA promise fulfilled	<ol style="list-style-type: none"> 1. Reduction of the price of rice was the first SONA commitment fulfilled by the President. 2. A visit by the Committee on Oversight to an NFA rolling store revealed the price was reduced from P18/kilo to 14/kilo right after the President's SONA. It also revealed NFA rice was already sold at P12/K-P14/k just before President Estrada's fall from power. 3. NFA allotted P2 billion in rice subsidy for the duration of the SONA period. With the presidential commitment, NFA did not sell the rice at 21/kilo resulting in foregone revenues of P7/kilo. 4. For transparency, such subsidy program should be budgeted against, not simply covered by automatic repayments on rising corporate debt of NFA.

<p>3. 1,000 rolling stores (RS) to be made available (Deploy 1,000 Rolling Stores</p>	<p>151%</p>	<ol style="list-style-type: none"> 1. The NFA deployed 1,510 rolling stores surpassing the President's target deployment of 1,000 rolling stores for an accomplishment rate of 151%. 2. 75% were private sector-managed rolling stores saving government in capex requirements and inefficiencies attendant to government intervention in a significant business activity
<p>4. Completion of MALMAR irrigation project by Sept. 2001</p>	<p>100% Second SONA promise fulfilled</p>	<ol style="list-style-type: none"> 3. The MALMAR irrigation project completed last September 2001 was the second SONA promise fulfilled by the President on time. 4. But, in terms of project targets, only 78% of target land area was actually irrigated.
<p>5. One (1) million new jobs to be generated over a period of four (4) years</p>	<p>100%</p>	<ol style="list-style-type: none"> 1. One million jobs shall be generated over a period of four years not within one year as incorrectly perceived in the President's SONA speech. 2. The OMJO has technically complied with the requirements demanded of the SONA promise with its report of 273,000 jobs produced. 3. However, these are not regular jobs. But seasonal jobs in the agriculture sector estimated to average about 90 days in a year. 4. The One Million Jobs Office (OMJO) considered "90 man-days" definition of a job "as permanent job" because the work applied is for the duration of the cropping season. 5. Jobs generated in succeeding target years should be sustainable in the future. 6. Given P20 billion AFMA plus budget the P8 bn released by the LBP in agricultural credit, this translates to about P140,000 per job as targeted for year 2002. Applying OMJO's 90-day definition of a job, it cost government P1,555 per day to create a job.
<p>II. AGRARIAN REFORM</p>		
<p>1. Distribution of 100,000 hectares of private lands</p>	<p>104% for CY2001 but 2002 looks bleak. 10,033 hectares only in the first half of 2002</p>	<p>1. The DAR followed the fiscal year (January to December) in the implementation of its SONA target. For CY 2001, DAR distributed more than 104,000 hectares. Per its SONA monitoring standard of January to December 2001, DAR undoubtedly exceeded its target of 100,000 hectares by 4,000 hectares. Thereby attaining an accomplishment rate of 104%. However, reckoning period for agencies implementing the President's SONA commitments only begun in August 2001 up to June 2002 in time for her next SONA address in July 2002. Thus, Based on the Committee on Oversight's monitoring and evaluation standards, DAR's land distribution record for the period August-December 2001 may have been a lot less.</p>

		<ol style="list-style-type: none"> 2. Land distributed in the first quarter amounted to only 10,003 hectares. Due to the budget flow, the first half accounts for 30% of annual production. Annualizing, this suggests only 20,000 for 2002. 3. Moreover, the budget of LBP for land acquisition is a mere P1 billion that can finance only 50,000 hectares in 2002. 4. To meet MTPDP goals, the government should target 195,000 hectares per year from 2001 to 2004. 5. The President should also target (a) number of ARCs (b) budget commitment to ARCs and (c) number of beneficiaries.
7. Annual Distribution of 100,000 hectares of public lands	Work on the 100,000 is only 50% complete since CAs/ CSWs have yet to be processed into patents	<ol style="list-style-type: none"> 1. The DENR distributed 103,802.38 hectares through the issuance of Certificate of Allocation/Completed Staff Work (CA/CSW) benefiting 86,220 farmer-beneficiaries. However, issuance of the CA/CSWs is just a prerequisite to the issuance of the patent. 2. DENR's accomplishment is conditional subject to the issuance of a patent, though DENR justified that the CA/CSW is likened to a special patent. 3. DENR's success in land distribution can best be gauged when its farmer-beneficiaries can peaceably exercise their right as new owners of the lands distributed to them
8. Distribution of 100 Ancestral Domain titles	0%	<ol style="list-style-type: none"> 1. The NCIP should have distributed 50 CADTs and 50 CALTs comprising 800,000 hectares but the requested distribution fund of P450 million was not included in the 2002 GAA. 2. Despite the presidential promise, the P20 million from the PSF and P55 million from the DENR to distribute a lowered target of 100,000 hectares still remain another promise.
III. HOUSING		
9. Provide Security of Land Tenure or 150,000 titles for urban poor families every year	124%	<ol style="list-style-type: none"> 1. As of June 30,2002, HUDCC distributed titles to 185,353 households exceeding its target of 150,000 urban poor families.
10. 100,000 housing units for workers every year	SONA 71.9% ADJUSTED TARGET 90%	<ol style="list-style-type: none"> 2. The President's commitment was reduced by 20% from the original 100,000 to 80,000 during the February 2002 Cabinet meeting. 3. As of June 30, 2002, housing assistance was already provided to 71,941 households or 10% below the target of 80,000 beneficiaries for an accomplishment rate of a

		<p>mere 90%.</p> <ol style="list-style-type: none"> 4. 52,154,units was availed through the Pag-IBIG,,of which 32,781 were made to developers, 5. Together with LBP, SSS and DBP, a total of 48,889 units (68%) were achieved through developmental financing provided to real estate developers. Thus, we must still contend with weak end-users' take-up that plagued previous housing programs. 6. Housing agencies – the Pag-IBIG, SSS, GSIS and LBP - were all pressured to attain the target of providing housing to 80,000 workers before the next SONA. To meet its target for the period January to June 2002, the SSS, for instance, has shifted its focus by targeting housing developers instead of individual members. The SSS hopes to achieve its target by providing loans to developers rather than directly assisting salaried workers to buy their own homes. 7. Government housing agencies to be true to their mandate should instead focus on demand stimulation by devising more innovative and responsive schemes to encourage workers to avail of housing loans via downpayment financing and rent-to-own packages. Only in this manner can the housing sector get out of the current slump.
<p>11. 50,000 housing units for the urban poor every year</p>	<p>SONA 167%</p> <p>ADJUSTED TARGET 119%</p>	<ol style="list-style-type: none"> 1. Housing agencies increased the President's original SONA target by 28.57% to 70,000 units to make up for a similar reduction of target in the formal sector. 2. Housing agencies provided housing units to 83,457 households versus target 70,000 housing units for an accomplishment rate of just 119%. 3. However, this was achieved mainly through the convenient inclusion of 25,000 units under the Mt. Pinatubo Resettlement Project of which only 3,000 were "new" units. Thus, if we exclude the 22,000, accomplishment was only 61,457 or a still reasonable 88% of target 70,000. 4. NHA performance was more solid. Had the original SONA target of 50,000 housing units remained along with equal allocation of 25,000 units each for NHA and NHMFC, NHA's accomplishment would have been 191%. 5. The NHA housing program contributed a big bulk comprising 47,771 households or 57% of the 83,457 beneficiaries. Mt. Pinatubo contributed 25,000. HDMF, on the other hand, put in 9,536 household units or 11%

12. P20 billion budget for housing	100%	<ol style="list-style-type: none"> 1. As of December 2001, a total of P7.5 billion or 37.5% of the promised amount of P20 billion was already utilized by the five housing agencies in the formal sector. The amount, however, does not include the budget of the NHA, which is responsible for the informal sector. 2. The availability of funds is not the issue in the housing sector. The inadequacy or absence of a truly affordable and practical financing scheme that encourages workers/employees to buy houses is the real and often unacknowledged issue.
13. Reduce required housing signatures from 188 to 45	109%	<ol style="list-style-type: none"> 1. Two months after her promise to reduce the number of required signatures from 188 to 45, the President issued in October 2001 Executive Order (EO) 45 which prescribed time periods for the issuance of housing-related certifications and permits. EO 45 imposed sanctions for failure to comply with prescribed time periods. 2. With the new guidelines, the number of signatories of housing-related permits and clearances was effectively reduced to 41 from 188 or four (4) signatures lower than the original SONA commitment of 45. With the reduction of signatories, the time it takes for the issuance of housing-related permits and clearances was also effectively reduced.
IV. HEALTH		
14. Enroll 500,000 indigent families with the National Health Insurance	295%	<ol style="list-style-type: none"> 1. "Plan 500 Program" was allocated a total budget of P127,659,629 and P305,529,143 for CY 2001 and 2002, respectively. 2. As of April 30, 2002, Philhealth has enrolled some 1,475,330 urban poor beneficiaries comprising 320,724 urban poor families. Exceeding its target of 500,000 urban poor beneficiaries by 975,330 enrolled members, Philhealth attained a record setting accomplishment rate of 295%. 3. Another 1,722,364 rural poor beneficiaries comprising 374,427 families in the countryside were also enrolled. The enrolment of rural poor beneficiaries was not part of the SONA target. Philhealth just the same proceeded with the membership as part of its regular mandate. 4. This performance was accomplished principally with the strong cooperation on LGUs.
15. Reduce prices of medicines and cut by half the medicines frequently bought by the poor	Negative	<ol style="list-style-type: none"> 1. Through Parallel Drug Importation (PDI) program of the "Pharma 50 Project", the DOH and the DTI succeeded in cutting the prices of medicines but not necessarily by half as proved by the Committee on Oversight. The inventory of hospitals visited revealed some drugs were being sold at a slow pace.

		<ol style="list-style-type: none"> 2. A Committee on Oversight survey revealed majority of the respondents believed that the promise to reduce the price of medicines applies to all drugstores, government or privately owned, and not only in selected government hospitals/outlets. This qualification by government is not acceptable to the Committee and to the public. 3. The "Pharma 50 Project" has yet to achieve its target of effectively reducing the prices of medicines by 50% as per the SONA promise. This is partly explained by the inherent unsustainability of the program due to its dependence on the DOH budget and other uncertain sources of financing. 4. The program could not effect any significant impact in the market since the volume of importation (at P75 million) occupied a measly 0.16% share of the total pharmaceutical market in 1999. 5. A credible program should begin with (a) a substantial P5bn budget for parallel importation and (b) exploration of options for mandatory licensing opened up by the 2001 WTO/TRIPS Declaration on Drugs and Public Health Issues in Doha.
<p>V. ENVIRONMENTAL SANITATION</p>		
<p>16. Resolve garbage problem in Metro Manila</p>	<p>54.66%</p>	<ol style="list-style-type: none"> 1. As of April 2002, actual waste generation in Metro Manila was estimated at 6,000 tons/day. The accumulation of garbage still outpaces the present waste disposal system. With the present waste disposal capacity of approximately 3,280 tons/day, MMDA can only effectively handle 54.66% of the Metro Manila's daily garbage of 6,000 tons. 2. The garbage problem in Metro Manila remains for all intents and purposes a perennial problem. 3. Almost a year to the President's next SONA, one need not go far to realize that garbage in Metro Manila's major thoroughfares is still very much visible. 4. In Batasan and Commonwealth areas alone, the stinking pile of garbage along GAO-Litex, next to traffic problem, is one of the daily hazards ordinary office workers encounter everyday.
<p>VI. TRANSPORTATION MODERNIZATION 17. Reduce traffic congestion in 6 months</p>	<p>Underperformance</p>	<ol style="list-style-type: none"> 1. The MMDA exceeded its target with respect to the reduction of travel time by 1.7 kph and in the redemption of licenses. However, reduction of travel time lasted only until November 2001 or a mere four (4) months.

		<ol style="list-style-type: none"> 2. Traffic congestion in Metro Manila still persists, considering the various large-scale infrastructure projects currently in progress. The MMDA, therefore, must increase its efforts and devise innovative approaches to sustain the gains it has already made. 3. While measures are being undertaken, MMDA must simultaneously ensure the implementation of an efficient and consistent traffic enforcement program. MMDA should seriously study the possibility of coming out with a consolidated version of traffic rules and regulations considering the number of traffic enforcement agencies. A standard set of policies is urgently needed to promote stability and simplify matters for the everyday driver. 4. A random survey showed respondents are still experiencing traffic flow difficulties.
18. Construct additional lines of the mass transport system & finish three (3) in 2004	Underperforming with major delays likely	<ol style="list-style-type: none"> 1. Most of the projects are substantially behind schedule, except for the construction of MRT 2. 2. Availability of funds and the complementary bureaucratic requirements are still major concerns. The fund for the advance works of the LRT Line 1 South Extension Project is still pending until the issuance of the amended "Performance Undertaking". This is supposed to cover the Advance Works Agreement. However, Project Officers are still awaiting a resolution by the Department of Justice on the matter. 3. DOTC and LRTA have encountered delays in implementation arising from right-of-way problems, litigation and other implementation problems.
19. LTO to issue licenses in half an hour	100%	<ol style="list-style-type: none"> 1. The LTO substantially complied with the President's SONA Commitment to issue licenses in half an hour. That is provided applicants have complied with all the required documents prior to the processing of applications. This was made possible after the LTO installed new instant laminators. 2. The 30-minute period program only covers the plain renewal of driver's license transactions.
20. NBI to issue clearance in a day	100%	<ol style="list-style-type: none"> 1. Applications for clearance certificates are issued in a matter of minutes. The NBI now releases the certificates of applicants with no namesakes or derogator records in five (5) minutes, or after 48 hours, respectively.
VII. REFORMING THE BUREAUCRACY		

<p>21. Cut Steps / Signatures required by government agencies in half</p>	<p>100%</p>	<ol style="list-style-type: none"> 1. At least 52 government agencies tasked to process application, permits and other registration requirements responded to the communications sent by the Committee on Oversight and are in technical compliance with the SONA commitment of the President. 2. No presidential issuances, executive orders or directives issued by the President to this effect. A check with the Malacanang record section showed only Executive Order 165, issued by then Pres. Joseph Ejercito Estrada, is still in effect which directs all government offices to formulate institutional strengthening and streamlining programs for the Executive branch. To a certain extent, EO 165 addressed the problem of red tape in the bureaucracy.
<p>VIII. ENERGY</p>		
<p>22. 85% Energization rate for the whole country</p>	<p>101%</p>	<ol style="list-style-type: none"> 1. A total of 1,513 barangays have been energized or 102% of the President's SONA commitment. The Arroyo administration also bettered the Estrada's level of 101 barangays energized per month with 110 per month. 2. A total of 35,218 barangays of the country's 41,995 barangays have actually been energized. The country's electrification level is at 84%. The 85% energization level nationwide should be achieved within SONA period. 3. This outperformance may be attributed to the robust efforts of the energy family (DOE, NEA, PNOC-EDC) together with the contribution of 364 barangays by Mirant Philippines Inc. 4. The goal of 100% energization level nationwide by year 2004 was initially retained by Pres. Gloria Macapagal-Arroyo. DOE, however, moved this back 2 years to 2006.. Only 6,777 more barangays wait to be energized..
<p>23. Reduce power rate</p>	<p>P0.30 reduction overwritten by PPA increases</p>	<ol style="list-style-type: none"> 5. Filipinos consider this commitment as one of the most critical indicators of performance with respect to the SONA. The P0.30/kwhr mandatory rate reduction for residential end-users would have complied with this commitment, but this was wiped out by the increased power purchase agreement (PPA). 6. This is principally due to the onerous IPP contracts contracted during the power crisis coupled with the idle power covered by take-or-pay provisions in the law. 7. In June, President Arroyo unveiled a 10-point agenda to

		<p>reduce power rates. The Committee suggests the government should focus on renegotiation of onerous IPP contracts to secure lower rates without negative consequences on an already tight budget.</p> <p>8. Given recent disappointment, only "5-year price caps" on electricity rates at least to targeted poor consumers.</p>
IX. DEFENSE		
24. Provide a P1 Billion budget for the PNP Modernization Program	48%	<ol style="list-style-type: none"> 1. No bill has been filed in the 12th Congress to address the modernization program of the Philippine National Police (PNP). 2. As of May 2002, the PNP has spent a total of P480 million for the acquisition of modern equipment. If that amount was indeed intended for the PNP's modernization program, the budget is more than half (52%) or P520 million short of the President's SONA commitment of one billion pesos.
25. Eliminate Abu Sayyaf in a year	In line with expectations	<ol style="list-style-type: none"> 1. Sustained military operations against the Abu Sayyaf Group (ASG) have resulted in the reduction of the group's strength from 1,200 members in 2000 to 800 in 2001. Ongoing AFP operations jointly conducted with the police and about 1,200 American military advisers have further trimmed the ASG's number down. 2. With the reported death of Abu Sayyaf Spokesman Abu Sabaya, however, the elusive ASG may have waned considerably although its members have not been completely eliminated. 3. For four months in 2001, the Arroyo government spent P1.333bn for ASG operations. With the apparent infusion of American logistical support under the Balikatan exercises, this has been cut down to P7m/week in 2002 for an estimated total of P168m in 2002.
26. Apprehend the bulk of kidnapping syndicates before the year is over	Below expectations	<ol style="list-style-type: none"> 1. Despite PNP's comprehensive approach to address the kidnap-for-ransom (KFR) problem with only a month before the President's next SONA, it is very safe to conclude that the PNP failed to apprehend the bulk of kidnapping syndicates. 2. In 2001, out of the 223 targeted KFR personalities, 134 were identified and 116 or 87% were neutralized (arrested). As of May 2002, another 127 KFR personalities were identified of which 78 or 61% were neutralized. 3. As of May 22, 2002, 28 KFR cases have been reported to the police, of which 16 were already considered solved for a 57% solution efficiency rate. Twelve (12) cases are currently being monitored/undergoing police

		<p>surveillance.</p> <p>4. Kidnapping is still one of the major reasons cited by foreign businessmen as deterrents to their entry into the country.</p>
27. Add several billions of pesos for the AFP Modernization Program	P5bn in 2002	<p>1. Seven years after its passage, the AFP Modernization Act remains substantially unimplemented and, worse, unfunded. Congress did not appropriate funds for the modernization program for the year 2001.</p> <p>2. It was only in 2002 that P5 billion was allotted to the program. Even though Congress cut this by half from the original P10bn, this was a first for any administration since the law was enacted.</p>
X. ANTI-POVERTY		
28. Provide P 500M from the OPEC Fund for Community projects in war-torn Mindanao	32.6%	<p>1. Per the President's SONA commitment, the P500 million to be sourced from the OPEC Fund will be used for community projects in strife-torn areas of Mindanao. In particular, community projects will be implemented in areas under the Southern Mindanao Zone of Peace and Development (SZOPAD) comprising 15 provinces and cities.</p> <p>2. As of April 30, 2002, the Department of Budget and Management (DBM) already released P163 million for the SZOPAD social fund. An additional amount of P164M will be released this June 2002.</p> <p>3. The delays in the release of SZOPAD's additional funds for approved projects affected its capacity to accomplish the President's SONA commitment.</p>
29. Microfinance	82.72%	<p>1. Six (6) microfinance agencies provided credit to 248,159 women-borrowers for an accomplishment rate of just 82.72%, with generally over 90% repayment rate.</p>
30. Provident fund for overseas worker	In line with expectations	<p>1. As envisioned, the OFWs will contribute to the Provident Fund managed by OWWA. The OWWA is still in the process of conducting comparative studies on existing provident fund programs being offered by private and public sectors.</p> <p>2. However, the Committee on Oversight is concerned the OWWA scheme may not benefit the OFWs if they will be required to contribute to the fund.</p>
31. Provide emergency employment to 20,000 out-of-school youths (OSYs)	50%	<p>1. The DILG launched the Kalinga sa Kabataan Program for 20,000 Out-of-School/Out-of-Work youths in Metro Manila. A total of (10,000 OSY's/OWY's) were provided eight-hour jobs for 18 weeks (July to December 2001), with a budget of P28 million.</p> <p>2. Another group (10,000) is expected to start working on</p>

		<p>July 9, 2002, if the DBM releases the million budget for the program as promised. With only 13 days before the next SONA, this is plain cramming.</p> <p>3. Under the program, the OSY/OWYs hired are paid a minimum wage of P250 per day for an average period of 10 days. The employment period is spread over a six-month period.</p> <p>4. If the budget is released on time, the DILG will have complied with the SONA commitment to provide emergency employment to 20,000 OSY/OWY. At this point, however, accomplishment rate is only 50%.</p>
32. Computerize the electoral process	P500m allocated	<p>1. For CY 2002, P500 million was allocated for the COMELEC modernization program which includes electronization and automation of the electoral process.</p> <p>2. While the released amount is relatively low for the multibillion-peso program, the allocated amount should be sufficient to initially fund the phase 1 of the program.</p>
XI. EDUCATION		
33. Construct a school building in every barangay by 2004	38%	<p>1. Of 10,000 barangays without schoolbuildings, DepEd pruned down its SONA target for construction until 2004 to only 1,612 barangays not currently being serviced by an existing school. This means 539 school buildings per year over three years.</p> <p>2. DepEd (46 units), DPWH (283) and AFP-PA (220) are undertaking construction of 549 units at varying stages of completion. This represents 101% of the target of 1,612 divided by 3 years (between SONA and 2004).</p> <p>3. However, only 38% or 207 schoolbuildings have been completed. DepEd completed 100%, the DPWH 155 out of 283 and AFP-PA with only 6 out of 220. AFP-PA reported that 70% of the P55m was released only July 1 from the President's Social Fund.</p>
34. Provide P1.5B to Hire additional teachers levels	132%	<p>1. Congress approved a P1.98 billion budget for the hiring of 20,000 teachers for school year 2002-2003 for an accomplishment rate of 132%.</p>
35. 1:1 Ratio of Textbooks for Students at Grades 1 to 4 & 1 st & 2 nd year	65%	<p>1. DepEd delivered 30,047,323 textbooks for a mere 65% accomplishment rate, 35% or 16,393,399 books short of the targeted 46,440,722 books.</p>

III. THE SONA PROMISES

A. AGRICULTURE

1. (PROMISE #1) Provide P20B annual budget to implement AFMA.

Background

Republic Act (RA) 8435 otherwise known as **The Agriculture and Fisheries Modernization Act** or “AFMA” was enacted into law in 1997 to prepare the Filipino farmer for the “challenges of globalization” as the Philippines acceded to the World Trade Organization (WTO). AFMA was designed to ensure that the agriculture sector is modernized to enable it to compete internationally in a world of open markets.

Under RA 8435, AFMA will be implemented over a period of seven (7) years. Congress approved an initial appropriation of P20B in its first year of implementation. Another P17B per annum was to have been appropriated in the next six (6) years. The Department of Agriculture (DA) is the lead agency tasked with the implementation of AFMA.

Defining the Target

During her July 2001 SONA, the President committed to allocate P20 billion every year for the implementation of AFMA to ensure agricultural modernization.

Accomplishments

Component	Accomplishments
1. Irrigation	* 17,378 new hectares * 61,664 hectares rehabilitated
2. Post-harvest	* 369 machines * 578 infrastructure facilities
3. Other infrastructure	* Ongoing construction of 630 DPWH farm - To-market road projects. * Ongoing construction 289 DA farm-to-market road projects.
4. Credit	* Loans to 232,342 farmers. * Loan guarantees for 36,016 farmers. * Crop insurance for 35,868 farmers.

5. Marketing Assistance	<ul style="list-style-type: none"> * Formed six (3) business alliances among 40 cooperatives. * Conducted market matching for 78 cooperatives. * Launched Internet-based marketing through B2Bpricenow.com * Conducted 24 trade fairs * 13 selling and trade missions/exhibits * 11 farmers' congresses
6. Research and Development	<ul style="list-style-type: none"> * Supported programs for 49 R & D networks and 11 R & D centers. * Provided 72 degree and 108 non-degree R & D scholarships. * Supported 13 organizations/institutions in which scientific knowledge was disseminated through publication, conferences and symposia. * Supported six (6) agency in-house research projects
7. Capability building	<ul style="list-style-type: none"> * 1,376 trainings * 71 techno-demonstrations * Technical assistance to 20,777 beneficiaries * 614 scholarships for DA employees * Maintained 35 training centers
8. National Information Network	<ul style="list-style-type: none"> * Development of DA WebPages * Dissemination of 6,000 copies of agriculture statistics and bulletins.
9. Additional supplemental salary for LGU extension workers	<ul style="list-style-type: none"> * Monthly incentive allowance for 18,448 agri-technicians

Table 2 below shows the 12 major components of AFMA with the corresponding budget.

Table 2		
Major Components of AFMA		
Components	Budget (In billion)	% of Budget
1. Irrigation	P 6.0	29.3
2. Post Harvest Facilities	P 2.0	9.8
3. Other Infrastructure	P 2.0	9.8
4. Credit	P 2.0	9.8
5. Marketing Assistance	P 1.6	7.8
6. Research and Development	P 2.0	9.8
7. Capability Building	P 1.0	4.9
8. National Information Network	P 0.8	3.9

9. Salary Supplement for LGU Extension Workers	P 1.2	5.9
10. National Agricultural and Fisheries Educational System (NAFES)	P 1.0	4.9
11. Rural Non-Farm Employment Training	P 0.350 M	1.7
12. Strategic Agricultural & Fisheries Development Zones (SAFDZs)	P 0.500 M	2.4
Total	P20.45 B	100%
<small>Source: SONA Monitoring Report, www.gov.ph, as of May 6, 2002</small>		

The Committee considered two timelines since the commitment was made mid-year. This means separately considering 2001 and 2002 with the calendar year corresponding to fiscal year.

For Calendar Year (CY) 2001, DA and other government agencies implementing AFMA reported P24.21 billion was utilized/released to fund its various components. As the lead agency tasked with the implementation of AFMA, DA accounted for 77% of the total amount released. (DA was able to fully obligate P8.773 bn for AFMA.) The DPWH, on the other hand, contributed 15.6% while DAR contributed 3.74%.

The reenacted "General Appropriations Act" (GAA), however, revealed only P13.825 billion was actually allotted for the implementation of AFMA in CY 2001. This budget allocation merely constituted 69.12% or P6.175 billion short of the P20 billion promised by the President. No additional funds were allocated to the program after the SONA commitments were made in July 2001.

Consultations with the DA budget staff revealed that some of the AFMA accomplishments were actually department activities undertaken under regular agency budget allocation, and not from the AFMA as previously reported to the Committee on Oversight. Technically, these accomplishments should not have even been incorporated in the AFMA report.

Under the 2002 GAA (Republic Act 9162 otherwise known as the "General Appropriations Act of 2002"), however, actual allocation for the AFMA is only P19.486 billion for an accomplishment rate of 97.43%. The amount is P514 million short of the President's commitment of P20 billion for CY 2002 (Please refer to **Table 3**). It is also worth noting that this is the first full funding of the AFMA since its enactment into law.

The DA, together with the PMS, presented a proposed budget of P25.88 billion for the implementation of AFMA. Again, this would have been higher by 29.4% than the P20 billion earlier promised by the President. But this is deceptive since this included P13.940 bn in loan releases by the Land Bank of the Philippines for CY 2001.

The Committee finds it difficult to accept the inclusion of Land Bank loan releases as part of compliance of the Executive Branch to the SONA commitment. Even if we tolerate this as a constructive compliance, then we must consider only the net increase in the agricultural loan portfolio of Land Bank between July 2001 and July 2002. This means net of loan repayments in order to measure net resource transfers to the sector. But, this also assumes that such loan portfolio would not have grown organically or at least at par with inflation.

As of June 2001, total agricultural loans of LBP stood at P32.359 bn or 26% of its total loan portfolio of P124.905 bn. This increased to P40.854 bn or 40% of its total loan portfolio of P101.326 bn in April 2002 or an increase of P8.495 bn over a 10-month period. Given such substantial amount of P8.5bn and its generally positive impact on the sector, Land Bank

releases may be separately targeted since it is under the control of the national government. Or possibly, such inclusion should be clearly stated as part of the commitment.

TABLE 3			
AFMA ANNUAL SONA BUDGET (IN BILLION)			
Fund Allocation/ Utilization	2001	2002	Total Output
Per Agency Reports	*P24.210	*P25.880	
Actual GAA allocation	**P13.825	P19.486	P33.311
Total Actual Output	P13.825	***P19.486	P33.311
Target Balance (in P)	P 6.175	P 0.514	P 6.689
SONA Annual target	P20.00	P20.00	P40.00
% to Total Target	69.12%	97.43%	83.27%
Balance as % of Target	30.88%	2.57%	16.73%
As of February 2002.			
Sources: * Presidential Management Staff (PMS) presentation to the Committee on Oversight hearing on February 27, 2002 ** General Appropriations Act of 2001 (GAA 2001) ***General Appropriations Act of 2002 (GAA 2002)			

Aside from the full budgeting of the P20bn for AFMA, one of the most positive aspects of the government performance with respect to the SONA is the flow of funds to agriculture. In 2001, DA's P8.773bn AFMA budget has been fully released, For the first five months of 2002, out of DA's P11.2bn direct AFMA budget, P7.4bn has already been released. The 2002 budget also represents a 28% increase versus overall budget growth of 8%. Thus, this shows up in the compliance with the 1m jobs commitment as well as in the GDP performance of agriculture (Table 4).

This is in contrast to the 2000 situation when funds releases to the Department of Agriculture amounted to only 26% of appropriation by November. This was blamed on the well-known rift between then Secretary Angara and Secretary Diokno.

Thus, the Committee would like to positively note the vast improvement in cash releases to DA during the Arroyo administration with the DA reporting that its budget was almost fully released. This clearly suggests the greater commitment of the Arroyo administration to agriculture. And this was evident in the strong performance of the sector with 6% growth posted in 4Q 2001 and 4.62% in 1Q 2002.

As further proof of her commitment to this sector, the President has appointed three (3) of her most trusted people to oversee this sector, namely Leonardo Q. Montemayor as the Secretary of Agriculture, Angelito Sarmiento as Presidential Adviser on AFMA and Luis Lorenzo as Presidential Adviser on her One Million Jobs Program.

The table below shows the quarterly GDP of the agriculture sector. The sector grew by a substantial 5.9% and 4.4% in the last quarter of 2001 and first quarter of 2002, respectively,

compared to the same period last year. Government investment in AFMA is manifesting itself in agricultural production.

	1999	2000	2001	2002
First Quarter	4.11%	0.68%	3.0%	4.4%
Second Quarter	9.37%	4.17%	3.6%	
Third Quarter	5.78%	5.69%	1.7%	
Fourth Quarter	7.14%	2.98%	5.9%	
Sources: * Presidential Management Staff (PMS) presentation to the Committee on Oversight hearing on February 27, 2002 ** General Appropriations Act of 2001 (GAA 2001) *** General Appropriations Act of 2002 (GAA 2002)				

In the long term, however, the national government must contend with the pervasive criticism that since the AFMA was initiated, the bulk of its budget constituted mere repackaging of regular DA and DAR budgets under AFMA. This is a self-defeating policy. What was clearly envisioned in the law was “new money” or “positive net resource transfers” to agriculture in preparation to the total liberalization of the sector. And this should be over and above the organic growth that would have accrued to the DA/DAR even without AFMA (i.e. the growth in the overall national budget). Such massive new investments should have reduced the costs of production and distribution while reducing post-harvest losses. No wonder, given such prevailing approach, the country’s agricultural sector remains ill prepared for competition.

Nevertheless, the Committee is prepared to conclude that this SONA commitment is 97% complied with using merely the President’s Budget and the eventual GAA for 2002. However, we strongly suggest that the Arroyo administration should make a clean break from such easy technical devices conveniently employed by the Estrada administration to comply with the law.

2. (PROMISE #4) Reduce the selling price of rice sold at rolling stores from P18/k to P14/k.

Background

Rice is the staple food of Filipinos. A Filipino meal would be incomplete without rice. Making the price of rice affordable, especially to the poor and marginalized sectors, is therefore a major thrust of the government. For this reason, rice is one of the major items available at the rolling stores. The rolling stores sell the NFA rice (imported from Vietnam) at P14/kilo. These are re-packed in 1- and 2- kilo bags.

A visit to an NFA-operated rolling store in Litex, Quezon City revealed that the rolling stores have always sold NFA rice at P14/kilo. As a matter of fact, it sold at P12/kilo at one time

during President Estrada's time¹, although it was raised to P14/kilo a little before he was ousted from office because of the increase in prices. (NFA rice sold in sari-sari stores and other retail outlets sell at P16/kilo or P18/kilo.) The President's statement that her administration will reduce the NFA rice sold at the rolling stores from P18/kilo to P14/kilo, therefore, has no basis since it (the rice) has always been sold at P14/kilo.

According to NFA sources, the NFA has spent P2 billion in subsidy for the program for the duration of the SONA period. This takes into account the other costs NFA incurs in handling, re-milling and storage of the imported rice. Without the Presidential commitment, NFA should ideally have sold the rice at P21/kilo. This translates to foregone revenues of P7/kilo.

The Committee suggests that given the current fiscal regime, the P2 bn subsidy should be made more transparent – i.e. – it should be budgeted in the GAA rather than merely falling into the consolidated public sector deficit via automatically appropriated payments on the corporate debt of NFA. This should at least tell us the real cost of the program and indicate to decision makers their policy options.

3. (PROMISE #3) Deployment of 1,000 Rolling Stores.

Background

The government has fielded rolling stores in the past to increase access of the poor to cheap commodities.

Rolling stores are mobile stores serving as regular outlets for rice and six (6) other commodities namely milk, coffee, sugar, cooking oil, sardines and noodles. The rolling stores are fielded to depressed and thickly populated areas, upon the request of local government units. They are equipped with public address system that can air jingles and slogans.

Defining the Target

The President in her SONA committed the deployment of 1,000 additional stores to ensure that the marginalized sector will have more access to cheap goods. The National Food Authority (NFA) is tasked with the implementation of the President's commitment. The NFA oversees the maintenance and deployment of the rolling stores that is coursed through two main channels of distribution, to wit:

1. NFA-operated rolling stores; and,
2. NFA-partner-operated rolling stores.

Under this set-up, NFA-operated rolling stores include NFA-owned trucks, NFA "Tinda Vans" and locally hired transport vehicles. The partner-operated rolling stores are those whose capitalization, transport vehicles and management are provided by the local government units (LGUs), non-governmental organizations (NGOs), cooperatives, labor unions and factories.

Accomplishments

¹ As per Leonardo Mabuti, Special Collecting Officer (SCO), of the NFA-operated rolling store based in Litex, Quezon City.

As of March 22, 2002, the NFA has already deployed a total of 1,510 rolling stores surpassing the President's target deployment of 1,000 rolling stores for an accomplishment rate of 151.0%.

This was accomplished mainly through the mobilization of private sector participation. Of the 1,510 deployed rolling stores, 187 are NFA-operated (12%) and 1,323 are NFA-partner operated (88%). For this purpose, the NFA has accredited 387 local government units (LGUs), 118 non-government organizations (NGOs), 277 cooperatives and 372 other organizations.

In Metro Manila area, rolling stores are deployed weekly in the following areas:

1. North District - 44 Stores (Caloocan, Malabon, Navotas, Valenzuela),
2. Central District - 48 Stores (Quezon City, Manila, San Juan)
3. South District - 47 Stores (Pasay, Makati, Taguig, Mandaluyong, Muntinlupa, Las Piñas, Parañaque, Pateros)
4. East District - 14 Stores (Pasig, Marikina, Antipolo, Angono)

On the other hand, rolling stores are deployed daily in the following areas, to wit:

1. Culiat
2. Kristong Hari
3. Bagong Silang
4. Payatas
5. Barangay Holy Spirit
6. Barangay Sucat, Muntinlupa
7. Smokey Mountain

Outside Metro Manila, the rolling stores currently serve 1,920 cities/municipalities and spread over 54,641 barangays nationwide. An estimated 11,531,079 consumers nationwide patronize the rolling stores.

The **Table 5** below shows the deployment of "Rolling Stores" nationwide.

TABLE 5 DEPLOYMENT OF ROLLING STORES*		
REGION	Number	% to Total
NCR	238	15.76
Region 1	134	8.87
Region 2	78	5.16
Region 3	156	10.33
Region 4	212	14.04
Region 5	90	5.96
Region 6	47	3.11
Region 7	156	10.33
Region 8	35	2.32
Region 9	49	3.24
Region 10	49	3.24
Region 11	37	2.45
Region 12	38	2.52
ARMM	61	4.04
CARAGA	94	6.22

CAR	36	2.38
Total Output	1,510	99.97
SONA TARGET	1,000	
Accomplishment Rate	+510	51.0%
* ACHIEVED as of June 22, 2002.		
Source: PMS SONA Report, www.gov.ph, as of May 6, 2002		

Private sector participation in operating the rolling stores (85% of total) should reduce the capital expenditure requirement and minimizes the inefficiencies inherent to the public sector involvement in a significant business activity. However, it is more difficult to monitor compliance to government's social equity directions. there are reports that some rolling stores are actually diverting their rice allocations to private traders instead of the targeted poor families, in the process enriching private pockets out of government subsidy.

4. (PROMISE #2) Complete the MALMAR irrigation project by September 2001.

Background

Officially known as the "Malitubog-Maridagao Irrigation Project", the MALMAR irrigation project was started in October 1989. Completion date was originally set for CY 1996. During its construction phase, however, the MALMAR irrigation project encountered many technical problems as well as a change in the contractor. This was further aggravated by the local peace and order situation, resulting in long delays.

Defining the Target

The MALMAR irrigation project has a total project cost of P2.5 billion. It covers the municipalities of Carmen and Pikit in North Cotabato and Pagalungan and Pagagawan in Maguindanao.

Once completed, the MALMAR irrigation project is expected to irrigate a total of 10,840 hectares of agricultural lands and benefit 4,549 farmer-beneficiaries. For CY 2001, 6,560 hectares have been targeted for irrigation immediately upon completion of the initial phase of the project.

The President in her SONA committed that the MALMAR irrigation project will be completed by September 2001.

Accomplishments

Phase 1 of the much delayed irrigation project was finally completed as scheduled and inaugurated by the President in September 2001. The MALMAR irrigation commitment is one of the first SONA promise fulfilled by the Macapagal-Arroyo Administration on time.

In terms of targets, 5,122 hectares of the total targeted 10,840 hectares have been irrigated. However, these 5,122 hectares is 22% lower than the 6,560 hectares originally targeted for irrigation (Phase 1) in CY 2001 for an accomplishment rate of 78%.

The irrigation of 5,122 hectares in CY 2001 benefited 2,150 farmer-beneficiaries, lower than the targeted 4,549 farmer-beneficiaries for an accomplishment rate of 47.26%.

At present, the government is implementing Phase 2 of the MALMAR project. An additional 4,278 hectares of agricultural lands is being targeted for irrigation upon its completion in May 2003.

5. (PROMISE #5) Generate One (1) million new jobs in agriculture and fisheries.

Background

The Philippine labor force increases at an annual rate of 900,000 or at least a million per year. Of this, 40% comes from the agricultural sector.²

Through her SONA commitment, the President hopes to address the problem unemployment and alleviate poverty by generating one (1) million new jobs in agriculture.

Defining the Target

To realize this promise, the One Million Jobs Office (OMJO) was created under the Office of the President. The OMJO has been tasked to monitor the implementation of this SONA promise and ensure that AFMA budget produces jobs in the sector.

How does OMJO intend to create a job? OMJO has outlined six steps³ on how jobs are created, to wit:

1. First, it identifies the market, which includes the client and the market base.
2. Second, it identifies the enterprise movers.
3. Third, it locates the suitable production area including the volume of production needed by a particular business firm for a particular period and the agricultural region where the agricultural products are viably produced.
4. Fourth, it determines competitive attributes.
5. Fifth, it determines the job created.
6. And finally, it identifies implementation bottlenecks.

OMJO acts as a conduit between the farmer/producer and the buying firm. It brings both parties together for possible business transactions. If realized, jobs are then created.

According to the OMJO, the creation of one million jobs will be spread over a four-year period beginning in the Year 2001 up to Year 2004. **Table 6** below shows the schedule of jobs expected to be generated per year and the sector concerned.

<p>Table 6</p> <p>Projected Annual Generation of Jobs Per Sector</p>
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² Department of Labor and Employment, "Labor Statistics", 2000.

³ In "Philippine Graphic", February 4, 2002, p. 12.

Year	Target	Agriculture & Fisheries Sector				Total
		Crops	Fisheries	Livestock	Sub-Total	
2001	100,000					100,000
2002	50,000	172,419	29,813	27,400	229,632	279,632
2003	50,000	210,196	44,289	30,900	285,385	335,385
2004	50,000	238,256	54,295	35,600	328,151	378,151
Total	250,000	620,871	128,397	93,900	843,168	1,093,168

Source: DA Basic Data Form Per SONA Commitment as of February 2002.

The should account for half of the target 1.9m net jobs creation in the agriculture sector under the Medium Term Philippine Development Plan (MTPDP). The One Million Jobs program should make the MTPDP target achievable. Conversely seen, however, it may be difficult to differentiate the impact of OMJO vis-à-vis the organic growth in agriculture alone

Transforming this target into an actionable target is admittedly difficult. The implementors of the Million Jobs Program should ensure that the jobs created should be on top of the projected jobs generated by the agriculture sector under the MTPDP. Government is banking on the P20 billion annual budget for the implementation of AFMA to help create jobs in the sector, either through agri-credit, increased production, post-harvest activities, etc. Including the P8 bn released by the Land Bank in agricultural credit, this translates to about P140,000 per job as targeted for year 2002. Applying OMJO's 90-day definition of a job, it will cost government P1,555 per day to create a job.

	2000	2001	2002	2003	2004	Average
1. Agriculture	37.1	36.6	36	35.3	34.7	35.6
net creation		.5	.6	.7	.6	
2. Industry	16.2	16	16	16.2	16.5	16.2
net creation		.2	0	-.2	-.3	
3. Services	46.7	47.4	48	48.4	48.7	48.2
net creation		-.7	-.6	-.4	-.3	
Sources: * MTPDP (2001-2004)						

Of the 200,000 jobs OMJO will create, 25% will be generated through the availment of lending programs or credit facilities by the prospective beneficiaries.

Another 75% will be created through the “**One Million Jobs Program**” being spearheaded by the OMJO. Under this set up, the remaining 150,000 or more jobs will be generated through the initiative of OMJO, which serves as a coordinator and/or conduit of the farmers for the marketing of their production.

What constitutes a “**job**”? The OMJ defines a “**job**” as equivalent to 90 working days/year or approximately three (3) months/year. In the case of cattle or animal-raising for instance, jobs are quantified by commodity and by heads. Hence, one (1) job is created per 100 heads in cattle raising while another (1) job is created for every 2,000 broilers in poultry.

Accomplishments

For CY 2001, 852,000 jobs were created in the agriculture sector, including 209,616 through AFMA programs and projects, as follows:

1. 32,189 in irrigation;
2. 2,272 in post-harvest facilities;
3. 4,520 in other infrastructure; and,
4. 170,635 in credit.

To date, the Land Bank of the Philippines (LBP) and the Quedancor, despite experiencing huge farm debts, have both been ably financing agricultural loans. With the government financing institutions supporting the program, however, the OMJO is only expected to monitor the implementation of availment of credit facilities provided by the LBP and Quedancor.

Initial reports in January 2002 showed 5,355 jobs have been generated through the government's lending or credit programs. As of April 28, 2002, OMJO's **"Master List of Jobs Created"** submitted to the Committee on Oversight showed 13,008 jobs were already created through the availment of credit facilities by accredited cooperatives. Most of the loan proceeds are intended for the production of hybrid palay.

The results of job creation by OMJO is validated by data derived by the Bureau of Labor and Employment Statistics (BLES). In the first quarter of 2002, total jobs created in the agriculture sector was 9.87 million, 694,000 more than the jobs created in the same period in 2001, representing a 7.4% expansion. This is a reversal of job destruction experienced by the sector at .6m jobs in 2000 and .5m in 2001. Table 8 below shows the jobs created by quarter in the Agriculture, Fishing and Forestry sector from 1999 to 2002.

Table 8
Employed Persons in the Agriculture Sector
1999 – 2002
(in Thousands)

Period	1999	2000	2001	2002
1 st Quarter	10,474	10,622	9,176	9,870
2 nd Quarter	11,202	9,845	9,747	
3 rd Quarter	10,916	9,855	9,839	
4 th Quarter	10,503	10,401	10,102	
Total	43,097	40,723	38,864	

Source: Bureau of Labor and Employment Statistics

Nonetheless, as one of the SONA commitments that will directly impact on household incomes, the Million Jobs promise, however, remain susceptible to a number of qualifiers.

First, the one million jobs shall be generated over a period of four years. It will not be achieved within one year as incorrectly or inadvertently referred to in the President's SONA speech.⁴

⁴ "There can be a million new jobs in agriculture and fisheries. **Within the year, the Department of Agriculture shall implement the program to generate them.** We will approach this with a sense of urgency. I don't want one million new jobs to come in the long term. **I want a timetable.** ..." (Emphasis supplied)

Statement quoted from the " *State of the Nation Address*" of President Gloria Macapagal - Arroyo delivered before the Philippine Congress on July 23, 2002.

Moreover, these are not regular jobs as generally appreciated. These are seasonal jobs in the agriculture sector that are estimated to average about 90 days in a year.

The OMJO has considered its "90 man-days" definition of a job "as permanent job" because the work applied is for the whole duration of the cropping season. In the case of rice production, for instance, an agricultural worker works for 90 person-days (or 90 man-days) during the harvest season.

Some Members of the Committee on Oversight have, however, noted that the jobs created are still not permanent in nature. The nature of the seasonal employment generated might not make a significant dent or decrease on a long-term basis the labor unemployment rate in the agriculture sector, which has been increasing by at least 20% every year.

The OMJO may have technically complied with the requirements demanded of the SONA promise. The Committee, however, recommends that jobs generated in the succeeding years should be sustainable. Likewise, the Committee recommends jobs generated should be geographically distributed without compromising the quality of the earnings and productivity of the jobs.

The second issue to resolve is whether or not this is a valid target. In fact, it might appear that the Philippines is trying to breed low productivity. One of the biggest critique of the Philippine economy is that 40% of its labor force is still in agriculture. Whereas in other countries, only six (6%) percent of the total work force is into agriculture.⁵

In this regard, the Committee believes that the President may wish to consider re-focusing her next SONA target to generate "one million profitable farmers" instead of the creation of one million jobs. For farming to remain a profitable endeavor, farmers must be well compensated in the cost of their production.

⁵ "Transcript of Stenographic Notes" (TSN) of the Committee on Oversight meeting conducted on March 6, 2002, House of Representatives.

B. LANDS AND TITLES DISTRIBUTION

Background

Land redistribution is among the perennial demands of the poor in the Philippines. Consequently, nearly every administration from the Commonwealth period through Marcos and down to Estrada have launched and implemented their respective versions of an agrarian reform program for land redistribution.

Assuming the presidency amidst a surge of rising expectations, President Gloria Macapagal-Arroyo, like her predecessors, vowed to continue the program of agrarian reform, stating in the National Socio-Economic Pact of 2001 that:

“... (T)here will be no budget cuts in 2002 for programs in... agrarian reform.”¹

In 1986, the Department of Agrarian Reform (DAR) estimated that the majority of agricultural lands were owned by 20% of the population.² By 1990, the situation continued to persist with the Gini Coefficient for landholdings placed at 0.57.³ Presently, the distribution of arable lands is 0.78 hectares on a per capita basis.⁴ Considering that 41.4% of the labor force is in agriculture, the share of most farmers in agricultural land continues to be low.⁵

Land use predictably followed the skewed ownership pattern with large plantations and small peasant farms. As such, only 3.4% of all farms were larger than ten (10) hectares accounting for a third of the total agricultural area.⁶

Not surprisingly, food security issues have arisen since farm sizes have been progressively decreasing over the past decade. Analysts point to population growth, parceling of landholdings, spreading urbanization, and unchecked industrialization as the reasons for the decrease in farm sizes. Again, the skewed ownership pattern is a big factor in encouraging the last three factors since many landowners continue to evade land redistribution.

Since its inception, the Comprehensive Agrarian Reform Program (CARP) has served as the government’s centerpiece program in effecting land distribution in the country. Initiated under the Aquino Administration, a total of 8,061,864 hectares under CARP⁷ has been targeted for land distribution.

Of these lands, the DAR will distribute private lands totaling 4,290,453 hectares or 53% of the total CARP target for distribution.⁸ The DENR will distribute 47% or 3,771,411 hectares of public lands classified as alienable lands.⁹

Based on the government’s Medium Term Philippine Development Plan 2001-2004 (MTPDP), only 67% of lands for distribution has been met.¹⁰ Hence, after over a decade of operation, the total backlog is a considerable 2.62 million hectares.¹¹

¹ “*National Socio-Economic Pact of 2001*”, presented at the National Socio-Economic Summit held at the Manila Hotel on December 10, 2001.

² Ernesto Lim, “*Situationer on the Peasant Movement in the Philippines; 1992-1998*”, www.anihan.org.

³ Ibid.

⁴ Antonio Quizon and Teresa Debuque, “*Overview: Agrarian Reforms in Asia*”, Asia NGO Coalition for Agrarian Reform and Rural Development, prepared as a briefing tool for participants to the WCARRD Conference held in Tagaytay on October 6-7, 1999.

⁵ Ibid.

⁶ Ibid.

⁷ Ernesto Lim, “*Agrarian Reform and Rural Development under the GMA Administration: The First Year*”, January 2002, www.anihan.org.

⁸ Ibid.

⁹ Ibid.

¹⁰ “*The Medium Term Philippine Development Plan (MTPDP) 2001-2004*”, November 2001, p. 168.

Some critics have pointed out that such estimates do not take into account the rate of turnover. As to its land distribution backlog, the government has a continuing "Inventory on the CARP Scope" (ICS) to ascertain its actual size in the light of land conversion and other land utilization that have removed land from the CARP coverage. Moreover, based on MTPDP 2001-2004 estimates, the CARP will only be completed within a decade or by the year 2008.

6. (PROMISE #6) Distribute 100,000 hectares of private lands

Defining the Target

The Department of Agrarian Reform (DAR) has been tasked to distribute 4,290,453 hectares of private lands through the issuance of Certificate of Land Ownership Award (CLOA).¹² As of March 2002, the lands distributed by DAR stood at 3,149,321 hectares or an accomplishment rate of 73.4%. (Please refer to **Table 9**.)

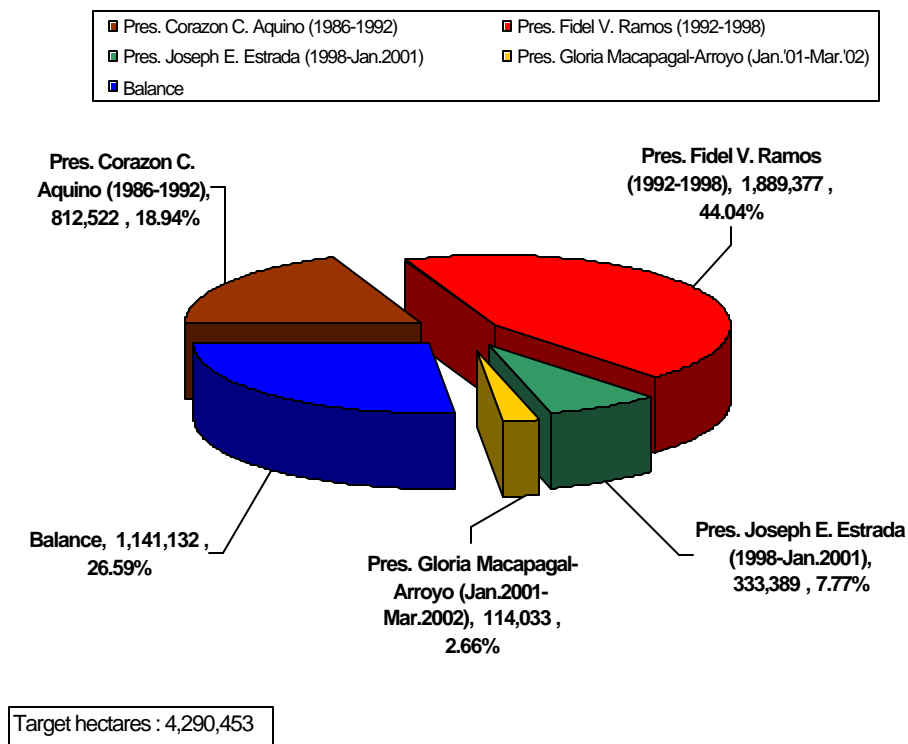
Table 9		
DAR Land Distribution Per Administration		
Administration	Lands Distributed	Percentage of CARP-DAR scope
Pres. Corazon C. Aquino (1986-1992)	812,522 hectares	18.94%
Pres. Fidel V. Ramos (1992-1998)	1,889,377 hectares	44.04%
Pres. Joseph E. Estrada (1998-January 2001)	333,389 hectares	7.77%
Pres. Gloria Macapagal-Arroyo (Jan.'01-Mar.'02)	114,033 hectares	2.66%
Total Distributed*	3,149,321 hectares	73.40%
Balance	1,141,132 hectares	26.59%
CARP-DAR Target	4,290,453 hectares	100.00%
* As of December 31, 2001.		
Source: Department of Agrarian Reform		

¹¹ Ibid..

¹² Lim, ___.

Graph 1

CARP-DAR Land Distribution per Administration



Based on this accomplishment, a minimum of 500,000 hectares must be distributed before 2004 to complete the implementation of CARP by 2008, as mandated. Recognizing this, the MTPDP even originally targeted 781,122 hectares of lands for distribution from 2001 to 2004.¹³ Thus, the annual accomplishment in DAR land distribution should range from 130,000 to 150,000 hectares per year beginning in 2001 if DAR were to complete its mandate by 2008.

However, the lack of funding for implementation has hindered the scheduled fulfillment of the CARP. Additionally, the MTPDP target is based on the premise of an improving financial situation.

The cost of distribution is divided into two: land compensation cost and administrative cost. Land compensation cost varies depending on the land value. Administrative cost, on the other hand, entails roughly P2,700.00 per hectare.¹⁴

The inability to finance the distribution of the projected 130,000 to 150,000 hectares this year has forced the present administration to lower the target to 100,000 hectares per year. The President in her SONA announced this.

Restricted by budget, DAR only targeted 105,318 hectares for distribution in 2001.¹⁵ The reduced target has been criticized by civil society organizations. To them, the target is too

¹³ MTPDP, p. 172.

¹⁴ Administrative cost per hectare: P1,500.00 for survey and P1,200.00 for land acquisition.

¹⁵ Department of Agrarian Reform, "DAR Land Distribution Projection (2001-2004/8) Revised Projection".

small compared to those of the previous administrations. Even the Estrada administration distributed an annual average of 133,355 hectares or 33,355 more hectares.¹⁶

Accomplishment

The DAR insisted in using the fiscal year (January to December) in the implementation of its SONA target.¹⁷ If so, then it has exceeded its SONA commitment by distributing 104,000 hectares by end of December 2001 or six months ahead of schedule.

The prescribed reckoning period for agencies implementing the President's SONA commitments, however, only begun in August 2001 up to June 2002 in time for her next SONA in July 2002. Based on the Committee on Oversight's monitoring and evaluation standards, DAR's land distribution record for the period August-December 2001 plus Jan. to July, 2002 may have been a lot less than 100,000.

As things stand, DAR's 2001 SONA target of 100,000 hectares is much lower than the expected annual output of 130,000 to 150,000 hectares to comply with the MTPDP's original targeted 781,122 hectares or 195,000 per year from 2001-2004.

Table 10 shows DAR's land distribution in hectares by area.

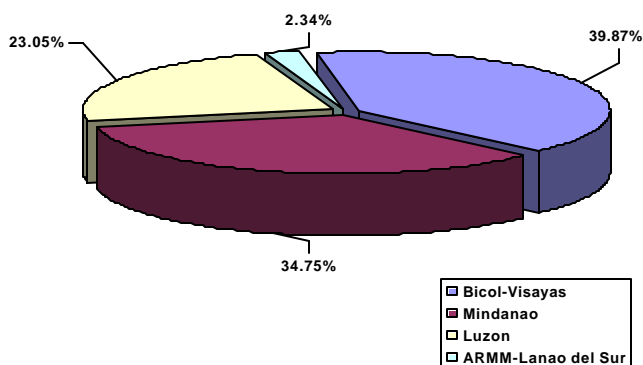
Table 10 DAR Land Distribution (For the Period 2001)		
Area	Lands Distributed	Percentage of land distributed
Bicol-Visayas	41,564 hectares	39.86%
Mindanao	36,226 hectares	34.74%
Luzon	24,034 hectares	23.05%
ARMM-Lanao del Sur	2,437 hectares	2.34 %
Total	104,261 hectares	100.00%
As of December 31, 2001.		
Source: 2001 Work and Financial Plan & BLAD Validated Report		

¹⁶ Ka Aning Loza, "Comments on President Arroyo's SONA", July 24, 2001.

¹⁷ In his communication to the Committee on Oversight dated May 13, 2002, DAR SONA Action Officer Director Tomas Cabuenos clarified that the Department follows the fiscal year in the reporting of its SONA commitment. Thus, in its progress report for the SONA coverage of August 2001 to July 2002, DAR instead reported the entire January-December 2001 period.

Graph 2

DAR Land distribution (For CY 2001)



For CY 2002, the agency may have a harder time distributing the same number of hectares of lands. For the period January-March 2002 alone, the DAR was able to distribute only 10,033 hectares benefiting 72,188 farmer-beneficiaries.¹⁸

This should not be a cause for undue alarm. Historically, the 30-34% of the target for land distribution is accomplished during the 1st and 2nd quarter.¹⁹ The remaining 66-70% is distributed within the 3rd and 4th quarter.

This can be explained by the flow of the annual budget where funds for surveys are released only around the months of March or April. Considering that the whole process, from application to titling, takes around 180 days²⁰, the trend is not hard to understand.

Still, the budget flow is just one of the specific problems of the agency. The budget itself is too restrictive for DAR to accomplish the distribution of another 100,000 hectares of lands this year.

First, the budget allocation to LBP for landowners' compensation for CY 2002 is only P2.854 billion when the required amount for bond maturities and interest is already P3.7 billion.²¹ In actual implementation, the DAR has recommended to the LBP that the P2.8 billion budget be divided into initial cash payment (P1 billion) and bond maturities and interests (P1.854 billion).²² This is to enable DAR to acquire new lands for distribution.

¹⁸ Department of Agrarian Reform, "Accomplishment in Land Distribution", January to March 2002.

¹⁹ Interview with Director Tomas Cabueños, held at the Department of Agrarian Reform Planning Office on May 14, 2002.

²⁰ Ibid..

²¹ Letter to Hon. Joey Salceda from the Department of Agrarian Reform, May 13, 2002.

²² Interview with Dir. Cabueños.

However, if such is followed, the P1 billion for new lands can only cover 50,000 hectares²³. Moreover, other identified fund sources to finance the implementation of agrarian reform program have performed below expectation. These include proceeds from the recovery of ill-gotten wealth and from privatization of government assets.

The same budgetary problem held the agency back in 2001. Despite claims of Code-NGO that the reconstituted DAR budget could have financed the distribution of 170,000 hectares²⁴ of lands, DAR has maintained that the budget for landowners' compensation could only support the distribution of 46,000 hectares of private lands.²⁵ This figure was way below the LBP target of 70,000 hectares of private agricultural lands for compensation.²⁶

In addition, 75% of DAR's remaining balance is difficult to distribute. Of this, around 21% or 247,664 hectares is composed of problematic lands.²⁷ The other 18% or 218,937 hectares are lands without documentation. The 33% or 392,144 hectares are lands classified as deductibles.²⁸

Furthermore, the bulk of the balance consists of 750,000 hectares of coconut lands and 237,000 hectares of sugar lands.²⁹ In previous administrations, the majority of private lands distributed were from landed estates and KKK lands earlier confiscated without purchase. At present, the remaining lands are composed primarily of private agricultural lands that must be purchased at fair market value.

Also, the persistence of landowners in insisting fair market value as compensation, though usually more than the estimated land market value, has caused further delay. Worse, some landowners have deprived Agrarian Reform Beneficiaries (ARB) of access to their titles through litigation. Usually, filing a petition for exemption, conversion, or retention delays land distribution. Thus, around 2,000 hectares are currently under contention in the Office of the President for exemption, retention or conversion.³⁰

The DAR has also identified some problematic areas. Regions 3 and 4 have the most cases filed for conversion. Some lands in Regions 5, 6, and 7 are big landholdings.

Land distribution in Region 5 is likewise hampered by the unstable peace and order situation in some of its areas. The same is true in Basilan where the peace and order problem had slowed down the distribution of 72% of lands comprising 3,218 hectares of the regional balance.³¹

Table 11 lists the regions nationwide with huge balances of undistributed lands.

Table 11	
DAR Undistributed Lands Per Region	
Region	Balance for Distribution

²³ Ibid..

²⁴ Lim, ____.

²⁵ According to DAR Director Tomas Cabueños, the Department's budget for landowners' compensation supported only 46,000 hectares of private lands.

²⁶ Ibid..

²⁷ MTPDP, p. 169.

²⁸ Ibid..

²⁹ Department of Agrarian Reform, "*Breakdown by Crop of Land Acquisition and Distribution Balance as of December 2000 in Has*".

³⁰ Department of Agrarian Reform, "*Department of Agrarian Reform Updates on SONA Directives*".

³¹ Interview with Dir. Cabueños.

Region V	253,805 hectares
Region VI	296,748 hectares
Region XII	181,395 hectares
As of 2000.	
Source: Department of Agrarian Reform Land Distribution Projection	

Finally, the requirement for various certificates from the DENR, DA and National Irrigation Administration (NIA) has added to bureaucratic delays in land distribution. The existence of DAR Adjudicatory Board (DARAB) Petitions in cases when the landowner asserts that the compensation is not enough has only further aggravated the situation.

Aside from the above, DAR has encountered illegal transactions in the issuance of land titles such as titles beyond five (5) hectares which were registered by the Land Registration Authority (LRA) even without DAR Certificates.³²

In the main, the DAR's accomplishment of its target in 2001 was carried out in spite of the usual problems the department faced in the form of budgetary and bureaucratic constraints.

Coupled with the above, however, new and emerging issues have marked a transition towards a more complex and problematic phase in the government's land distribution efforts. This is due to the nature of the remaining balance of lands. As lands belonging to private owners, litigation and other legal complications are foreseeable. These problems taken together may make DAR's similar accomplishments in distribution unlikely in the future.

Providing the DAR with increased budgetary support may strengthen its prospects for success. In particular, it must have financial capacity to settle the issues on bond maturities and interest, thus, ensuring the viability of the program while providing enough for the acquisition of the targeted 100,000 hectares for 2002. Otherwise, the pace of land distribution may not be adequate to meet the deadline of 2008 imposed by law.

The Committee also suggests SONA commitment on (1) the number of ARCs targeted to be created and serviced (2) the budget amount to be invested in such ARCs and (3) number of ARC beneficiaries.

7. (PROMISE #7) Distribute 100,000 hectares of public lands

Defining the Target

The Department of Environment and Natural Resources (DENR) is mandated to distribute a total of 3,771,411 hectares of public land comprising 47% of the total CARP coverage of 8,061,864 hectares. As of December 31, 1998, DENR has already distributed more than 1.06 millions hectares³³ of "alienable and disposable lands" (A & D Lands) or 42% of its scope.³⁴

Of late, DENR is beginning to lag behind DAR in the implementation of its CARP mandate. Hence, to speed up its land distribution effort, the agency was included in the President's SONA commitments and assigned the same target as that of DAR: annual distribution of 100,000 hectares.

Assigning, however, an annual distribution target of 100,000 hectares may seem unrealistic considering DENR's record of patent distribution since 1998.

³² Ibid..

³³ Department of Environment and Natural Resources "Year End Report 1998", p. 13.

³⁴ The DENR did not provide a more updated data because of an ongoing verification of the agency's total CARP coverage.

Table 11 below summarizes DENR's three-year accomplishment record.

Table 12		
DENR Annual Patent Distribution		
Year	Patents Distributed	Coverage in Hectares
1998	84,962	82,190 hectares
1999	62,966	50,802 hectares
2000	3,189	1,830 hectares
Total	151,117	134,822 hectares
<small>Source: Department of Environment and Natural Resources Year End Reports 1998,1999, 2000</small>		

Given the above figures, the DENR, it would appear, has relegated the matter of land distribution among its agency priorities. This is proven principally by the reduction in the personnel complement of the DENR CARP Office was reduced in the years 1999 and 2000,³⁵ the office which is responsible for the distribution of public lands through patents. The cost of implementing the program, which approximately entails P800 per hectare³⁶, also poses a problem.

DENR Accomplishment

With the President's SONA commitment, the DENR has since realigned its priorities placing public land distribution as one of its top assignments. For the period July 2001-May 15, 2002, the department distributed 103,802.38 hectares through the issuance of Certificate of Allocation/Completed Staff Work (CA/CSW) benefiting 86,220 farmer-beneficiaries.³⁷

Hence, as of May 15, 2002 or within eight months after the President's SONA, DENR achieved the distribution target of 100,000 hectares of public lands and exceeded its target by 3,802.38 hectares for an accomplishment rate of 103.80%.

Still, DENR's performance level is debatable since the accomplishment is conditional in nature. The Presidential Management Staff (PMS), the office in charge of monitoring the SONA promises, required DENR to comply with certain conditions on the issuance of CAs/CSWs by October 2002.

In meeting its target, DENR made representations with the PMS to base the agency's accomplishment on the number of CAs issued by the DENR regional office after the corresponding issuance of the CSW. DENR justified the request by explaining that the "CA is likened to a special patent which serves as evidence of a right over the property applied for, which upon issuance, entitles the allocatee to enter and possess the property, develop the same, and exercise dominion thereon."³⁸

³⁵ Interview with Engr. Artemio Almazan Jr. held at the Comprehensive Agrarian Reform Program (CARP) Office on May 15, 2002.

³⁶ Ibid..

³⁷ Department of Environment and Natural Resources, "Table on the Status of DENR-SONA Accomplishment CA/CSW Issuance".

³⁸ Letter to Undersecretary Saludo by the Undersecretary for Lands, DENR, May 08, 2002.

Moreover, this was in anticipation of the time it will take – around 66 days³⁹ – for the agency to process the CAs/CSWs. The PMS acceded on condition there will be substantial compliance in the issuance of patents by October 2002.

However, this may be overly difficult for the DENR to meet. As of April 15, 2002, the agency was able to issue only 22,395 patents covering 20,070.07 hectares.⁴⁰

The great pressure the DENR has to go through in document verification has resulted in discrepancy in the number of CA/CSWs from patents. Unlike DAR, DENR does not have in place a body similar to the DARAB that is authorized to cancel CLOAs. If there are land disputes over patents, cases go straight to the courts rendering DENR's decisions harder to implement.

However, beyond the deadline of converting all CA/CSWs issued into patents by October 2002, the DENR is facing a more difficult SONA year beginning July 2002. For the July 2002-June 2003 period, DENR's annual distribution target of 100,000 hectares is already considered doomed to fail if RA 6940 is not extended after its effectivity expired on December 31, 2001.

Known as the "Free Patent Law of 1990", RA 6940 provided the legal basis for the issuance of free patents in the country. The law legitimized 85% of the patents DENR issued.⁴¹ As a consequence, the DENR is compelled to process only two kinds of applications, to wit:

1. applications submitted prior to the law's expiration; and,
2. applications filed in provinces exempted from the law's expiration.

Table 13 lists provinces exempted from the Free Patent Law's December 31, 2001 expiration.

Table 13			
Expiration of RA 6940: Provinces Exempted			
Region	Province	Region	Province
CAR	Apayao	XII	Cotabato
CAR	Benguet	XII	South Cotabato
CAR	Kalinga	XII	Sultan Kudarat
CAR	Mt. Province	XIII	Agusan del Norte
IX	Basilan	XIII	Agusan del Sur
X	Bukidnon	ARMM	Lanao del Sur
X	Lanao del Norte	ARMM	Maguindanao
XI	Davao del Norte	ARMM	Sulu
XI	Davao del Sur	ARMM	Tawi-Tawi
XI	Davao Oriental		
As of February 2002.			
Source: Department of Environment and Natural Resources			

³⁹ Interview with Engr. Almazan.

⁴⁰ Ibid..

⁴¹ Ibid..

As indicated in **Table 10**, should the extension of the Free Patent Law be delayed, obviously DENR will have to concentrate its efforts in Mindanao to meet its target. Besides, there are still a lot of public lands available for distribution in Mindanao.

Other bureaucratic problems, however, continue to plague DENR's distribution of public lands. Ascertaining the status of lands subject to distribution from LRA takes roughly a month.⁴² This is to ensure that no judicial titles are issued covering the subject land.

Difficulty in getting tax declarations from municipal assessors is another recurring problem. Without a title, most municipal assessors will not issue tax declarations.⁴³ The DENR, on the other hand, will not issue titles unless there are tax declarations. Requiring the submission of proof of tax payment has, thus, basically hindered applications for patents.

To address these problems, DENR officials instituted remedial measures to hasten the process of distributing lands.

First, the DENR Regional Patent Review Team was organized to fast track the issuance of patents. The regional review team whose findings will later be validated by DENR's National Patent Review Team conducts preliminary screening of CAs/CSWs.

Second, the National Patent Review Team will now travel to the region once a thousand CAs/CSWs are available for review and validation.

Third, complementing these efforts, a series of memorandum orders was issued increasing the authority of DENR Regional Executive Directors (REDs) to sign patents, to wit:

1. Memorandum requiring all DENR REDs to sign a **minimum of 1,000 patents every week** for the period March-May 31, 2002;
2. Memorandum enjoining all DENR REDs to submit a **monthly CARP-CSW with area coverage of at least 5,000 hectares**;
3. Memorandum restoring authority to DENR REDs to **approve and sign patents covering three (3) hectares and below**; and,
4. Memorandum enjoining all DENR REDs to **prioritize the implementation** of the President's **SONA commitment**.

To ensure SONA compliance, the last memorandum likewise designated DENR Assistant Regional Executive Directors (AREDs) as regional SONA focal persons or coordinators.

Authority to approve and sign patents above three (3) hectares belongs to the DENR Secretary. However, around 85% of patents comprise one (1) hectare. Hence, authorizing DENR REDs to approve and sign patents three (3) hectares and below will hopefully hasten the process. The authority to approve and sign patents three (3) hectares and below was previously assigned to the Community Environment and Natural Resources Officer (CENRO) and the Provincial Environment and Natural Resources Officer (PENRO). For purposes of document verification, however, the practice proved to be difficult.

In spite of the above, official support for the DENR is high. Ultimately, however, DENR's success in land distribution can best be gauged only when its farmer-beneficiaries can peaceably exercise their right as new owners of the lands distribute to them.

⁴² Interview with Engr. Almazan

⁴³ Ibid..

8. (PROMISE #6) Distribute 100 Ancestral Domain titles

Background

Apart from distributing private and public lands, the President in her SONA also committed the distribution of ancestral domain/land claims of Filipino indigenous peoples groups. This will be implemented through the issuance of the Certificate of Ancestral Domain Titles (CADTs) and Certificate of Ancestral Land Titles (CALTs) based on the Certificate of Ancestral Domain Claims (CADCs) and Certificate of Ancestral Land Claims (CALCs).

Originally, the CADCs and CALCs were issued by DENR's Ancestral Domain Management Program (ADMP) Office. In 1998, the DENR ADMP transferred all documents pertaining to CADCs and CALCs to the National Commission on Indigenous Peoples (NCIP) pursuant to RA 8371 otherwise known as the "Indigenous Peoples Rights Act" (IPRA).

Created in 1997, the NCIP was mandated as the "primary government agency responsible for the formulation and implementation of pertinent and appropriate policies, plans, and programs to carry out the IPRA Law".⁴⁴

Defining the Target

Per the comprehensive inventory conducted by the ADMP, a total of 2,556,131 hectares of ancestral domains/lands claims have been distributed. A total of 181 CADCs comprising the bulk for distribution covered 2,546,035 hectares of ancestral domain.⁴⁵ A total of 147 CALCs accounted for the balance of 10,096 hectares benefiting 8,738 households.⁴⁶

Given this huge number of ancestral domain lands to be converted from CADCs/CALCs to CADTs/CALTs, the NCIP was tasked by the President to distribute 50 CADTs and 50 CALTs comprising 800,000 hectares. To finance this enormous task, the NCIP requested for P450 million. Unfortunately, NCIP's requested budget was not included in the reenacted GAA for CY 2002.

Without any existing budget to start on, the President promised P20 million from her Presidential Social Fund (PSF) and caused the DENR to provide another P55 million to the NCIP.⁴⁷ Despite a budget of P75 million, however, the NCIP requested that its assigned target distribution of 800,000 hectares be instead reduced to 100,000 hectares covering 13 areas.⁴⁸ The request was eventually approved.

Accomplishment

As of this writing, the NCIP is still awaiting the release of the promised funds. In the meantime, the NCIP has focused its efforts in the conduct of the required preparatory activities before distribution of the titles. These are identification of potential beneficiaries, formulation of guidelines, and other pre-implementation activities.

The commission has identified 13 areas evenly distributed in the regions. The 13 areas consist of relatively small communities with no major contentious issues whose residents favor the

⁴⁴ National Commission on Indigenous Peoples, "Mission Statement".

⁴⁵ Ancestral Domain Management Division (ADMD), "List of CADCs Issued as of June 6, 1998".

⁴⁶ Ancestral Domain Management Division (ADMD), "List of CALCs Issued as of June 6, 1998".

⁴⁷ Interview with Atty. Evelyn Bunuan conducted at the NCIP on April 18, 2002.

⁴⁸ Ibid..

program and are generally cooperative. This will be funded through the P55 million to be released by the DENR upon perfection of a Memorandum of Agreement between the two agencies. (Please refer to Table 14.)

Table 14			
Ancestral Domain Claims (SONA PLEDGE: P 55M)			
CADC NO.	LOCATION BY ETHNOGRAPHIC REGION	TRIBE/ ETHNIC GROUP	AREA (in Has.)
001 095	Southern & Eastern Mindanao Lanuza, San Miguel, Surigao del Sur Boston, Davao Oriental	Pakuan-Manobo Manday	312.000 17,112.000
013 034	Central Mindanao Carmen, Cotabato Esperanza, Sultan Kudarat	Manobo-Aromanon Tiruray	2,520.000 700.000
024 049	Island Groups Sablayan, Sta. Cruz, Occ. Mindoro Mabinay, Negros Oriental	Mangyan Ati	2,851.000 101.000
035 038	CAR & Region I Malibcong, Abra Sagada, Mountain Province	Tinguian Kankanaey	30,579.000 8,698.000
020	Region 2 Dupax, del Norte	Bugkalot	17,972.000
042 063	Region 3 & Rest of Luzon Cabangan, Zambales Capalonga, Camarines Norte	Aeta Kabihug	6,203.000 8,000.000
019 032	Northern & Western Mindanao Gingog City, Misamis Oriental Gutalac, Zamboanga del Norte	Higaonon Subanen	4,255.000 5,000.000
	TOTAL		104,303.000

The NCIP has likewise identified six (6) ancestral domains covering 39,000 hectares where the P20 million will be spent. These areas are, however, generally characterized by contentious claims. (Please refer Table 15.)

Table 15			
Ancestral Domain Claims (SONA PLEDGE: P 20M)			
	LOCATION BY REGION	TRIBE/ ETHNIC GROUP	
1	CAR Happy Hollow, Baguio City	Kankanaey	300.000
2 107	REGION 3 Bamban, Tarlac	Abelling	5,515.000

3 134	REGION 4 Coron, Palawan	Tagbanua	22,284.000
4 113	REGION 9 Siocon, Zamboanga del Norte	Subanen	6,524.000
5 135	REGION 10 Quezon, Bukidnon	Manobo	2,164.000
6	REGION 12 IBASMADSI, Mt. Apo, Cotabato	Manobo	2,466.000
	TOTAL		39,253.000

Moreover, the NCIP has reviewed and finalized the guidelines for the issuance of the CADT/CALT under the auspices of the Office of the Presidential Adviser for Indigenous Peoples Affairs (OPAIPA). It has also started on-site verification in preparation for an actual ground survey, consultation and documentation of proofs.

Other ongoing NCIP activities are, to wit:

1. conduct of cultural and genealogical surveys;
2. delivery of basic survey equipment, supplies, and materials to all Regional Survey Parties; and,
3. meetings with the LRA for the printing of title forms.

Relative to its SONA target, the NCIP has no accomplishment to date largely due to the absence of funds for the distribution of ancestral domains lands in the 13 areas it has identified. However, the NCIP has been into numerous pre-implementation activities using its limited budget. This is to ensure that the implementation of its assigned targets will be expeditiously carried out once initiated.

Despite the limited budget, the Committee positively views the NCIP's initiative to take on pro-active activities in line with its mandate. The commission, however, should exercise extra effort and initiative in competing for funds within a tight budgetary environment.

C. HOUSING

Background

Housing is one of the basic needs of man. Yet, access to decent and adequate housing for most Filipinos continues to be elusive.

Based on the preliminary results of the 2000 Family Income and Expenditure Survey (FIES) conducted by the National Statistical Coordination Board (NSCB), poverty incidence¹ in the Philippines has gone up from 31.8% in 1997 to 34.2% in 2000. That means more than one third (1/3) of the country's 76.5 million Filipinos are now living below the poverty line.

Moreover, the government's "**Medium Term Development Plan for Shelter**" has placed the country's total housing requirement at 3.362 million units for the period 1999 to 2004. This is broken down as follows:

1. 2.224 million housing units comprising future need arising from population growth; and,
2. 1.138 million units in total housing backlog.

In recent years, the government has not made much headway in meeting the demand for adequate housing. As noted in a 2001 study:

"For the period 1993-1998, the government estimated that approximately 3.7 million new housing units were needed. On the other hand, renovation and upgrading of old housing units would have involved another 1.3 million units for the same period. The **rapid formation of new households, especially in urban areas, has contributed to an acute demand for housing that has not been adequately met** by the supply side of the market. The demand-supply gap is **mostly noticeable at the lower end of the housing market as the poorer households failed to get access to decent housing.**"² (Emphasis supplied)

The implications on the government's shelter program, therefore, are two-fold: provide adequate housing to impoverished Filipinos and whittle down to a manageable level the rising housing backlog taking into account the country's growing population.

Defining the Target

Under the revised shelter plan of the Arroyo Administration for the period 2001-2004, the government aims to provide shelter security to 1.2 million households. To meet this challenge, it requires P215.16 billion over a three-year period. With that target, the government will have to allocate an average of P71.72 billion per year for the next three (3) years.

On the other hand, providing adequate housing to 1.2 million households would require the government to meet an annual supply target of 400,000 units for the next three (3) years. Ranged, however, against the estimated actual annual need of over 672,400 units for the same period, the government is faced outright with a backlog of 272,400 housing units per annum.

In her SONA, the President committed to allocate P20 billion every year to the housing sector. At the outset, the committed amount is a mere 28% of the projected annual funding

¹ "Poverty incidence" is defined as the proportion of families with income below the poverty line.

² Llanto, Gilberto and Orbeta, Jr., Aniceto, "The State of Philippine Housing Programs: A Critical Look at How Philippine Housing Subsidies Work" published by the National Economic Development Authority (NEDA) Philippine Institute for Development Studies (PIDS): 2001, p. 1.

requirement of P71.72 billion. The remaining balance of 72% or a whopping P51.72 billion is, therefore, expected to come from the private sector.

To meet the people’s demand for adequate housing, the President likewise made the following commitments, to wit:

1. Provide security of land tenure through the issuance of 150,000 titles for lots to 150,000 urban poor families within the year;
2. Provide housing units for 100,000 workers within the year.
3. Provide 50,000 housing units for the urban poor; and,
4. Reduce the number of required signatures from 188 to 45 for the issuance of housing permits.

9. (PROMISE #9) Provide Security of Land Tenure (150,000 titles for lots) to 150,000 Urban Poor Families within the year

Accomplishment

The Housing and Urban Development Coordinating Council (HUDCC) was tasked to implement the President’s commitment to provide security of land tenure to 150,000 urban poor families within the year.

As of June 30, 2002, HUDCC provided security of land tenure to 185,353 households exceeding its target of 150,000 urban poor families for an accomplishment rate of 124%. This is broken down as follows:

1. 146,220 households under the Asset Reform Program (implemented through the issuance of Proclamations declaring certain public lands alienable and disposable for housing purposes);
2. 5,892 households awarded with certificates of title under the NGC-West Side Project;
3. 4,767 households awarded with certificates of lot assignment and certificates of entitlements under the NGC-East side Project; and
4. 28,474 households with approved loans under the Community Mortgage Program.

With this accomplishment, the HUDCC substantially complied with the President’s SONA commitment and exceeded its target by 24%. (Please refer to **Table 16.**)

Table 16		
Urban Poor Housing		
Housing Program	No. of Households	% to total
1. Asset Reform Program*	146,220 households	78.89
2. NGC West Side Program	5,892 households	3.18
3. NGC East Side Program	4,767 households	2.57
4. Approved loans under CMP	28,474 households	15.36
Total Output	185,353 households	100.00
SONA Target	150,000 households	
Accomplishment Rate	+7,317 households	+123.57
<small>* Achieved through the issuance of Proclamations declaring certain public lands alienable and disposable for housing purposes. ** Facilitated under the NGO-West Side Project. *** Loans provided under Community Mortgage Program.</small>		
<small>Source: HUDCC Report on SONA Commitments, as of June 30, 2002</small>		

10. (PROMISE #10) Provide 100,000 housing units to workers within the year.

Accomplishment

Under this SONA commitment, workers and employees receiving regular monthly salaries were identified as target beneficiaries. Classified under the formal sector, the target beneficiaries are also members of Pag-IBIG, the Social Security System (SSS), the Government Service Insurance System (GSIS) and have access to the Development Bank of the Philippines (DBP) and the Land Bank of the Philippines (LBP).

Loans provided under this program are divided into two categories:

1. End-user or individual loans; and,
2. Developmental loans or loans given to real estate developers.

The President's commitment notwithstanding, the number of target beneficiaries was, however, reduced by 20% from the original 100,000 to 80,000 during the February 19, 2002 meeting of the Cabinet.

As of June 30, 2002, housing assistance was already provided to 71,941 households. The number, however, is 10% below the target of 80,000 beneficiaries for an accomplishment rate of 90%.

Table 17 below shows the availment rate for each housing loan category.

Table 17				
Workers' Housing Loan Availment				
	End-user Financing	Developmental Financing	Total Units	% Share to Total
HDMF	19,373	32,781	52,154	72.50%
GFI*				
LBP	465	6,319	6,784	9.43%
SSS	1,316	5,205	9,521	13.23%
GSIS	1,525		1,525	2.12%
DBP	373	1,584	1,957	2.72%
Sub Total	3,679	16,108	19,787	27.50%
Total Output	23,052	48,889	71,941	
% to Total Output	32%	68%		%
Adjusted SONA Target**			80,000	90.00%
Target Balance			8,059	10.00%
Accomplishment			71,941	-90.00%
* Government Financial Institutions				
** During the Cabinet's February 19, 2002 meeting, the President's original SONA target was reduced by 20% from 100,000 to 80,000 housing units.				
Source: HUDCC SONA Report, as of June 30, 2002				

The bulk of housing loans (52,154 units or 72.5%) was availed through Pag-IBIG. The government's Pag-IBIG is devoted solely to providing housing loans to its members.

Government financial institutions (GFIs) – the LBP, the SSS, the DBP and the Government Service Insurance System (GSIS) - contributed 19,787 units or 27.5%. Among the GFIs, the LBP and the SSS provided majority of loans totaling 16,305 units or 22.66%.

With less than a month before the President's next July 2002 SONA and despite the target adjustment, it is doubtful whether the housing agencies can still meet the committed target of 80,000 units for the workers. To beat the President's July deadline, housing agencies will have to work overtime to achieve the remaining balance of 8,059 units.

Majority of housing units (67.96% of total) made available under this sector, it must be noted, was the result of developmental financing provided to real estate developers. Since real estate developers can, in general, access credit from banks and other financial institutions, they have in a sense unnecessarily competed against the end-user or individual borrowers in the GFIs loans market.

Moreover, an SSS official admitted credit was extended to developers (especially during this period) just so housing agencies can accomplish the President's SONA target. For instance, SSS contributed a mere 841 housing units by end December 2001. SSS only succeeded to increase its output at the beginning of CY 2002 after a one billion peso developmental loan was released to a developer.

SSS attributed the formal sector's slow take-up rate to the problem of affordability of the housing units. Since the economic crisis in 1997, the property sector has yet to recover from the slump. And this has affected not only the high-end residential and condominium market. Even the middle- to low-income residential market was not spared.

Despite housing being a basic need, people are still hesitant to buy houses because of uncertainties brought on by the crisis. The continued charging of high interest rates by housing agencies and banks that provide financing has only aggravated the situation. The interest rate of 16% per annum charged by government housing agencies for loans over P270,000, for instance, is more than three times the current Tbill rate. The benchmark rate generally used by banks in setting their lending rates, the 91-day T-bill rate is now below 5%.

As it now stands, the housing agencies – the Pag-IBIG, the SSS, the GSIS and the LBP - are all pressured to attain the target of providing housing to 80,000 workers before the next SONA. To meet its allotment of 7,000 households for the period January to June 2002, the SSS, for instance, has shifted its focus by targeting housing developers instead of individual members. The SSS hopes to achieve its target by providing loans to developers. In the process, however, the SSS loses its essence of assisting salaried workers to buy their own homes.

Housing developers have access to commercial banks any time. Government housing agencies by providing developers loans only crowd out commercial banks that are more extensively equipped to finance loan applications.

Government housing agencies to be true to their mandate should instead devise more innovative and responsive schemes to encourage workers to avail of housing loans. Only in this manner can the housing sector get out of the current slump.

11. (PROMISE #11) Provide 50,000 housing units for urban poor

Accomplishment

The original target of 50,000 housing units for urban poor families that fall under the informal sector category was initially allotted equally (or 25,000 each) between the National Housing Authority and the National Home Mortgage Finance Corporation (NHMFC).

But as a result of the February 19, 2002 Cabinet meeting, the President's SONA target for the informal sector was increased by HUDCC by 28.57% or 20,000 units to 70,000 units to make up for the reduction of target in the formal sector. Furthermore, NHMFC's accomplishments were removed from under this category and catalogued under SONA commitments to provide security of land tenure.

To meet the revised 70,000 units SONA commitment for the informal sector, NHA's efforts were augmented through the Socialized Housing Program of the Home Development Mutual Fund (HDMF or Pag-Ibig) and various housing projects of Habitat For Humanity.

As of June 30, 2002, housing assistance under the informal sector reached 83,457 units. This number is 13,457 units higher than the revised target of 70,000 housing units for an accomplishment rate of 119%.

Of this accomplishment, NHA contributed a big bulk comprising assistance to 47,771 households or 57% of the total. Had the original SONA target of 50,000 housing units remained, along with the equal allocation of 25,000 units each for NHA and NHMFC, NHA's output of 47,771 units would have translated to a 191% accomplishment.

This is followed by Mt. Pinatubo Resettlement Project, which contributed 25,000 units or 30% of total. Mt. Pinatubo's contribution is broken down as follows: 20,000 certificates of housing allocation, 3,000 awarded with house and lot and 2,000 awarded with TCTs. The housing units constructed under the Mt. Pinatubo Resettlement Project, however, are old units, constructed way back in the early 1990s. In fact, of the 25,000 units included in the report, only 3,000 are actually new house and lot units awarded to beneficiaries. The rest are units awarded to victims of the 1991 Mt. Pinatubo, but whose certificates are only recently finalized and awarded to the beneficiaries.

HDMF or Pag-Ibig, on the other hand, put in 9,536 housing units or 11%. Located in Pinugay, Rizal, the Habitat for Humanity projects supplied another 150 housing units or 0.18%. The Couples for Christ Gawad Kalinga Project contributed 1,000 units. **Table 17** below shows the breakdown of beneficiaries per housing program.

Unlike the formal sector, housing agencies in the informal sector have overshot their target by 13,457 units, for an accomplishment rate of 119%. However, if the 22,000 old units included in the report by the Mt. Pinatubo Resettlement Project is subtracted from the total, total number of units made available is only 61,457 units or an accomplishment rate 88%.

Under this group, the NHA is the primary implementor of the government socialized housing program. However, the NHA is seriously saddled by limited budgetary support from the national government, hence, its limited capacity for housing production. Although, it received approval to borrow P2bn for 2002 in lieu of national government subsidy.

In fact, in the last few years, NHA's budget has progressively shrunk even as it remains as the main housing production arm of the government. For CY 2002, for example, its budgetary allocation from the national government was a mere P500 million compared to P2.566 billion in CY 1998. Budgetary problems, moreover, are aggravated by the delayed release of

the agency's SARO or Special Allocation Release Order, greatly affecting the agency's capability to enter into any contract during the same year and/or fast-track the implementation of housing projects.

TABLE 18 URBAN POOR SONA HOUSING ASSISTANCE				
Housing Program	No. Of Households	% SONA 50,000		% Adjusted SONA target 70,000
		NHA (25,000)	NHMFC (25,000)	
NHA	47,771	139.1	(transferred)	57.24
Mt. Pinatubo Resettlement Project	25,000			29.96
HDMF	9,536	n/a		11.43
Couples for Christ Gawad Kalinga Project	1,000	n/a		1.20
Habitat	150	n/a		0.18
Total Output to Target	83,457			119.00
* Home Development Mutual Fund or Pag-IBIG				
** Housing agencies increased the President's original SONA target by 28.57% or an almost 30% addition from 50,000 to 70,000 housing units.				
Source: NHA SONA Report, as of June 30, 2002				

12. (PROMISE #12) Allocate an annual P20 billion budget for housing

As of December 2001, a total of P7.5 billion or 37.5% of the promised amount of P20 billion was already utilized by the five housing agencies in the formal sector. The amount, however, does not include the budget of the NHA, which is responsible for the informal sector.

Unlike in the informal sector, the formal sector has apparently no problem regarding the availability of funds for housing. SSS, for example, maintains it has over P9 billion more for housing. Correspondingly, with the availability of housing funds, Pag-IBIG has focused on devising a marketing scheme to improve its performance. The budget concerns of NHA, on the other hand, can be easily addressed as long as government exerts enough political will to provide funds for the housing sector.

In this regard, the availability of funds is not the issue in the housing sector. The inadequacy if not absence of a **truly affordable** and **practical** financing scheme that encourages workers/employees to buy houses is the real and often unacknowledged issue.

The housing sector, as a matter of fact, is a powerful tool that government can use not just to promote social equity for the marginalized sector of society. It can also be a springboard to jumpstart the economy.

A steady rise in the demand for housing will necessarily translate to increased demand for construction and construction-related materials and more jobs. Consequently, applications for housing loans will also revitalize the consumer loans window of banks and financial institutions.

Government, however, should not just address the supply side to ensure sustained demand. Government must also address the demand side by devising schemes to make it attractive and affordable to end-users. Clearly, the challenge is how to get backlog cross over into actual purchase. Some of the schemes that must be vigorously pursued include (1) rent-to-own and (2) downpayment financing.

13. (PROMISE #13) Reduce to 45 from 188 the number of signatures required for the issuance of housing permits

Bureaucratic red tape has often led to turtle-paced processing of documents in government. Before the President's July 2001 SONA commitment, 188 signatories in the housing sector alone were required before housing-related permits and clearances were issued.

Two months after she promised to reduce the number of required signatures from 188 to 45, the President issued in October 2001 Executive Order (EO) 45 which prescribed time periods for the issuance of housing-related certifications, clearances and permits. EO 45 likewise imposed sanctions for failure to observe the prescribed time periods.

To date, the implementing rules and regulations of EO 45 have already been completed and presented to the President as well as published in newspapers. To this effect, all concerned agencies have also issued their respective implementing guidelines. These are the DENR, the DA, the DAR, the Department of Interior and Local Government (DILG) and the Housing and Land Use Regulatory Board (HLURB).

With the new guidelines, the number of signatories of housing-related permits and clearances was effectively **reduced to 41 from 188 or four (4) signatures lower than the original SONA commitment of 45**. With the reduction of signatories, the time it takes for the issuance of housing-related permits and clearances was also effectively reduced. (Please refer to **Table 19**.)

Agency	Number of Days
HLURB	45 days to 30 days
DENR	90 days to 45 days
DAR	110 days to 70 days
DA	2 to 6 months to 30 days
DILG	2 to 3 months to 30 days

Source: HUDCC SONA Report, as of April 1, 2002.

Beyond the reduction of the number of signatures, however, government must pay close attention to the time it takes for each processing stage of the applications. According to the

NHA, the bottleneck encountered in the issuance of permits usually begins with the DENR and the LRA. The DENR is charged with the issuance of the Environmental Clearance Certificates (ECCs). The LRA handles the titling of the land.

The DENR and LRA must devise a method to fast track the issuance of their respective ECCs and land titles. Otherwise, the delays in processing will continue even if the number of signatures may have been reduced.

D. HEALTH

14. (PROMISE #14) Enroll 500,000 urban poor under the National Health Insurance Program (NHIP)

Background

Under the government's National Health Insurance Program (NHIP), Philhealth is mandated to provide the following, to wit:

1. Timely health care services;
2. Quality health benefit packages;
3. Continuous expansion of membership; and,
4. Enrollment of individual paying members and indigent families.

Since 1999, Philhealth has included indigent members under its health coverage. By CY 2000, the number of enrolled indigent members increased almost four-fold. In CY 2001, the enrollment of indigent members increased again, this time, by almost 100%. (Please refer to **Table 19**.)

Defining the Target

Aware of the social implications to the urban poor sector of providing access to basic health services, the President, in her SONA, committed to enroll 500,000 urban poor beneficiaries under the government's National Health Insurance Program (NHIP).

Accomplishments

Tasked to implement the President's commitment, Philhealth developed and launched "**Plan 500 Program**". With Philhealth as the lead agency, "**Plan 500 Program**" was implemented in coordination with the Department of Budget and Management (DBM), the Department of Social Welfare and Development (DSWD), the Department of Interior and Local Government (DILG) and Local Government Units (LGUs).

For CY 2001, "**Plan 500 Program**" was allocated a total budget of P127,659,629. Another P305,529,143 was allotted in 2002.¹

As of April 30, 2002, Philhealth has enrolled under the NHIP "**Plan 500 Program**" some 320,724 urban poor families comprising of 1,475,330 beneficiaries.² Thus, PhilHealth has attained an accomplishment rate of 295%.

The following table presents the accomplishment of PhilHealth from 1999 to 2002.

¹ Philhealth, "*Basic Data Form Per SONA Commitment*".

² Philhealth, "*Plan 500 Status Report*", April 30, 2002.

Year	No. of Households	% to Total
1999	86,827	5%
2000	347,016	19.8%
2001	619,014	35.4%
2002	*320,724	18.3%
	**374,427	21.4%
Total Output	1,748,008	100%
*1,475,330 urban poor beneficiaries comprising 320,724 urban poor families		
**1,722,364 rural poor beneficiaries comprising 374,427 rural poor families		
As of April 30, 2002.		
Source: Philhealth Plan 500 Status Report		

Moreover, another 374,427 families comprising of 1,722,364 beneficiaries in the countryside were also enrolled.³ The enrolment of rural poor beneficiaries was not part of the SONA target. Philhealth just the same proceeded with the membership as part of its regular mandate. (Please refer to **Table 21**.)

While we are pleased with the overperformance of the government in this SONA commitment, we must note this has been achieved mainly through the effort of the local government units, which identify beneficiaries and conduct advocacy and information campaigns, where the credit must principally go.

The following presents the membership of urban poor beneficiaries by province.

Province	Enrolled HHs	% to Total HHs	No. of LGUs
NCR/Rizal	36,820	11.5%	28
CAR	6,802	2.1%	14
I	20,779	6.5%	29
II	12,167	3.8%	16
III	57,804	18.0%	57
IV-A	13,537	4.2%	33
IV-B	31,147	9.7%	32
V	14,279	4.5%	22
VI	36,150	11.3%	42
VII	3,174	1.0%	19
VIII	8,726	2.7%	18
IX	4,693	1.5%	17

³ Ibid...

X	37,748	11.8%	26
XI	15,728	4.9%	8
XII	9,402	2.9%	6
CARAGA	11,768	3.7%	12
TOTAL	320, 724	100.0%	320
As of April 30, 2002.			
Source: Philhealth Plan 500 Status Report by Area			

15. (PROMISE #15) Reduce price of medicines frequently bought by the poor

Defining the Target

The cost of medicine in the Philippines is 40% to 50% higher compared with that of its South East Asian neighbors. Recognizing this problem, the President in her SONA committed to cut by 50% the prices of medicines frequently bought by the poor. The Department of Health (DOH) was tasked to implement the SONA target.

To lower the prices of medicines, the DOH launched the **'Pharma 50 Project'** with the following objectives, to wit:

1. Promote the rational use of drugs; and,
2. Ensure the marginalized sectors are provided with affordable, high quality, safe, and effective drugs.⁴

In implementing the "Pharma 50 Project", DOH employed the following strategies:

1. A Short Term Strategy involving parallel importation of high quality drugs and medicines called **"parallel drug importation"** (PDI), expansion of appropriate list of medicines for importation, and increase of the number of outlets; and,
2. A Medium and Long Term Strategy that includes promotion of the use of generic drugs and medicines, support for a continuous supply of high quality and affordable medicines (whether imported or locally manufactured) and the endorsement of significant reductions of the prices of drugs and medicines.⁵

Accomplishments

Under the Parallel Drug Importation (PDI) program of the "Pharma 50 Project", the DOH and the Department of Trade and Industry (DTI) coordinated efforts to import brand name drugs of the same quality and efficacy as those manufactured by multinational companies. After passing the standards of the Philippine Bureau of Food and Drugs (BFAD) and its counterpart in India, the government imported two (2) shipments of eight (8) drugs and medicines from India amounting to P25 million.⁶

⁴Dr. Rolando Enrique Domingo and Dr. Timoteo Badoy, *"Pharma 50"*.

⁵Ibid..

⁶Ibid..

These imported drugs were later distributed to almost all DOH-retained hospitals and LGU hospitals. As a result, many DOH-retained hospitals are now stocked with the select half-price quality drugs.

The “**Pharma 50 Project**” is not without its downside and critics, however. Local drug manufacturers have expressed aversion to the project. According to the pharmaceutical industry, “**Pharma 50 Project**” was unnecessary since the imported drugs are all available at competitive prices in the Philippines. The drug importation likewise unduly competed with the generic products of local manufacturers. Finally, the industry doubted the quality of the imported drugs because of its country of origin or source - India.

Table 22 shows a comparison between the retail drug prices of eight (8) drugs distributed by the DOH (1st and 2nd shipment, 2002) and retail prices at private drugstores.

Table 22				
Retail Drug Prices of Selected Drugstores				
Drugs	Price		Price Difference	
	Private	DOH	Absolute	Relative
Asthma				
Salbutamol (100 cg/ dosex 200 doses MDI)	294.75	197.60	97.15	32.96%
Beclomethasone (250 mcg inhaler)	831.00	532.50	298.50	35.92%
Hypertension				
Atenolol (50 mg tablet)	17.75	9.05	8.70	49.01%
Nifedipine (20 mg cap.)	34.15	5.75	28.40	83.16%
Bronchitis/Pneumonia				
Cotrimoxazole(800 mg SMZ + 160 TMP tablet)	24.10	5.10	19.00	78.84%
Cotrimoxazole(400 mg SMZ + 80 TMP tablet)	13.50	2.80	10.70	79.26%
Cotrimoxazole(200 mg SMZ + 40 mg TMP/5 ml susp.)	82.68	67.60	15.08	18.24%
Diabetes Mellitus				
Glibenclamide (5 mg tablet)	7.75	3.10	4.65	60.00%
As April 30, 2002.				
Source: “ <i>Presyong Tama, Gamot Pampamilya</i> ”, DOH and DTI				

The comparative data presented in **Table 18** shows that DOH’s “**Pharma 50 Project**” succeeded in cutting the prices of medicines by half. However, random ocular visits conducted by the Committee on Oversight in several Quezon City (QC) government hospitals proved otherwise.

Some PDI medicines are cheaper compared to those locally made. The marked difference, however, was not 50% lower. Moreover, the inventory of hospitals visited revealed some drugs were being sold at a slow pace.

According to one Head Pharmacist, the DOH has sent them a list of drugs that will be included in the coming third shipment. They will only order some of the drugs listed, she

said, as some are even more expensive than those manufactured locally, i.e. **Cotrimoxazole**.

The "Pharma 50 Project", it must be noted, has yet to achieve its target of effectively reducing the prices of medicines by 50% as per the SONA promised. Based on the random ocular visits, only government-run hospitals were able to cut the prices of medicines by 50%.

However, the program to reduce prices of medicines by 50% is flawed from the beginning. This is partly explained by the inherent unsustainability of the program due to its dependence on the DOH budget and on other uncertain sources of financing. For instance, the planned fourth (4th) batch of importation will depend on the release of funds from the Philippine Charity Sweepstakes Office (PCSO).

Moreover, the government is incapable of purchasing a sufficient volume to enhance the accessibility of cheap medicines even to the marginalized sector of society. The government program does not have a significant impact in the market since the volume of the government's drug importation (at P75 million) accounts for a measly 0.16% of the total pharmaceutical market in 1999.⁷

Perhaps the most glaring and grievous offense of this SONA was committed in "the reduction of the prices of medicine by half within one year". This could justify the strong hand of the President in dealing with those executives who failed to execute this commitment or those who gave her this bad advice of a soundbite.

While the commitment is a socially desirable target, it appears to be an unrealistic target. Though we are not asking her to give this up in the next SONA, the government must begin with a bigger budget say P5bn for parallel importation. This is roughly comparable to the intervention by NFA in the rice market.

The President must also seriously consider options opened up by the recent WTO Ministerial Meeting held at Doha, Qatar on "Declaration on the TRIPS Agreement and Public Health" allowing mandatory licensing of drugs to address public health issues.

This represents a structural change in the industry dynamics- shifting the supply curve rightwards. This will pave the way for the natural decline in the prices of medicines, as local drug companies will be able to use and produce licensed or patented drugs. Consequently, the government should release funds that would enable the Bureau of Food and Drugs (BFAD) to expeditiously process the licensing applications of drug companies.

⁷ Ibid.

E. ENVIRONMENTAL SANITATION

16. (PROMISE #16) Resolve garbage problem

Background

The rise in solid waste in urban areas has been attributed to rapid development and consumerism. Development has increased the people's disposable income. At the same time, it has triggered the purchase of non-essential and generally non-biodegradable items.

While population growth increased the number of consumers, the fast-paced urban life has encouraged producers to pack their products in small quantities/sizes which has given rise to the phenomenon of "**throwaway and packaging**" society.

Hence, the solid waste problem, according to an expert, is bound to perpetuate itself if the following factors¹ are not immediately addressed:

1. Adequate relevant information and education program to increase public awareness;
2. Adequate technological capacity to develop and apply appropriate technologies;
3. Cohesive and comprehensive national policy to provide a framework for these efforts.

The problem of solid waste in the Philippines is both revealing and alarming.

Every Filipino generates almost half a kilo of garbage daily². In 2001 alone, the Philippines generated around ten (10) million tons of garbage. (Please refer to **Table 23**.) This is projected to increase by 40% or 14 million tons in 2010.³

Table 23 Solid Waste Situation in the Philippines	
2001	Each Filipino generates almost half a kilo of garbage daily Around ten (10) million tons of garbage generated in the Philippines.
2010	Solid waste in the Philippines projected to increase by 40% or 14 million tons.
Metro Manila Solid Waste Situation	
1996	An estimated 3,500 tons of garbage was disposed in landfills.
1999	Metro Manila, with an estimated 14,440 persons for every square kilometer, generated 5,350 tons of solid waste per day.
2002	Actual waste generation in Metro Manila estimated at 6,000 tons/day.

With an average population density of 14,440 persons for every square kilometer⁴, Metro Manila generated 5,345 tons of solid waste per day⁵ in 1999. (Please refer to **Table 19**.) That meant 1,950,925 tons of solid waste in 1999 alone.

¹ These factors were identified by Christian Bryan S. Bustamante in "*A Prospective Evaluation on Metropolitan Development Authority's Ordinance No. 99-004*", www.geocities.com/philodept/diwatao, p 2-3.

² Robert Vance Pulley, "*Down in the Dumps, but Digging out*" in "*View and Comment*" in *Businessworld*, December 17, 2001, www.lnweb18.worldbank.org.

³ Ibid.

⁴ According to "*Water and Sanitation Forum*", 1997, as mentioned in Bustamante, p.4.

⁵ "*Innovative Practices on Solid Waste Management*", 1999, as mentioned in Bustamante, p. 4.

5,345 tons of daily garbage were disposed in 1999. Of this, 3496 tons were disposed in landfills, while 1,649 tons were illegally dumped, burned or buried. Only 3.6% were recycled at source. Please refer to Table 19.

Table 24 Metro Manila Solid Waste Disposal		
Disposal Method	Tons per Day	Recycled (% to Total)
Landfill	3,496	65.4
Illegally Dumped, Burned or Buried	1,649	30.9
Recycled by Scavengers	127 ⁶	2.4
Recycled at Source	200	3.6
Total	5,345	100.0
As of March 1999.		
Source: JICA, "The Study on Solid Waste Management for Metro Manila in the Republic of the Philippines: Final Report".		

Presently, actual waste generation in Metro Manila is estimated at 6,000 tons/day.⁷

The garbage problem is more alarming if one considers that some environmental and health problems in Metro Manila are related to waste problems. Every day around 40,000 to 50,000 scavengers are at the greatest risk of acquiring these diseases.

The problem of waste reduction persists even if the Metro Manila Development Authority (MMDA) spends 40% of its yearly budget on solid waste management. The same is true with Metro Manila LGUs which use 3 to 15% of their annual budget for the same purpose⁸. The MMDA is primarily responsible for the operation of waste disposal sites and transfer stations. The LGUs, on the other hand, are in charge of collection and delivery of garbage to designated MMDA waste facilities.

In Southeast Asia, majority of landfills and recycling programs are constructed with support from foreign donor agencies or from National Governments. The country's municipalities are generally incapable of competently managing daily landfill operations due to lack of funds and lack of highly trained staff.⁹

This was the case, according to the Institute for Local Self-Reliance, in the San Mateo and Carmona landfills. The Sanitary Landfill Facilities (SLF) used to service Metro Manila. Accordingly, these landfills had no functional rainwater diversion and gas collection systems. Likewise, the landfills' leachate treatment systems did not function properly.¹⁰

⁶ See also, Institute for Local Self-Reliance, "Wasting and Recycling in Metropolitan Manila", Greenpeace Southeast Asia, October 2000, www.greenpeacesoutheastasia.org, p. 2.

⁷ Please note that this is inclusive of garbage illegally dumped, burned, or buried

⁸ Interview with **Engr. Leopoldo Parumog**, Director III of MMDA Solid Waste Management Task Force, conducted by the **Committee on Oversight Secretariat** on June 5, 2002 at the MMDA Solid Waste Management Office.

⁹ 1998 data.

¹⁰ J. Paul Henderson, "Sustainable Cities" in International Center for Sustainable Cities (ICSC), January 2002, www.icsc.com.

¹¹ Institute for Local Self-Reliance, "Wasting and Recycling in Metropolitan Manila", Greenpeace Southeast Asia, October 2000, www.greenpeacesoutheastasia.org, p. 2.

MMDA's Solid Waste Management Task Force Director Leopoldo Parumog, however, claims otherwise¹¹. The MMDA, Parumog maintained, still treats leachate in San Mateo and spends around P500,000 monthly for this process¹².

Still in 1998, these two landfills exceeded their estimated site capacity by 68% to 100%. **Table 25** details the discrepancy. Due to public protests by local residents, the Carmona and San Mateo SLFs were closed in 1998 and in 2001, respectively.

The two open dumpsites in Catmon and Payatas suffered the same fate. The Catmon open dumpsite was closed in 1998. The Payatas dumpsite was temporarily closed after the tragic garbage landslide in 2000.

Table 25			
Performance of Metro Manila Sanitary Landfills (SLF)			
Sites	Estimated Site Capacity	1998 Volume Disposal (cu.m.)	Total Disposal (cu.m.)
San Mateo	5,241,600 cu. m.	2,424,645.10 cu. m.	10,700,828.85 cu. m.
Carmona	3,456,600 cu. m.	293,630 cu. m.	5,813,491.22 cu. m.
Total	8,697,600 cu. m.	2,718,275.10 cu. m.	16,514,320.07 cu. m.
Source: MMDA 1998 Annual Accomplishment Report			

Worse, the implementation of the Waste Segregation Program (MMDA regulation No. 99-004) was deferred in 1999. Moreover, the passage of the Clean Air Act (RA 8749) caused the suspension of the hospital waste incineration project. Finally, the passage of the Solid Waste Management Act (RA 9003) that advocated Zero Waste Management redirected the plans of the MMDA in garbage reduction.

Defining the Target

In her SONA speech, the President ordered the MMDA to reduce garbage along major thoroughfares in Metro Manila. To solve the garbage crisis, the MMDA began to pursue a three-pronged strategy by focusing on the following components¹³:

1. Development of a sanitary landfill facility (SLF) by a private company after the San Mateo SLF was closed;
2. Promotion of waste reduction at source; and
3. Formulation of related projects that will utilize more advanced waste disposal technologies.

The first component comprising the establishment of an SLF was bid out and awarded to Pro-Environ Corporation in October 2001. However, the project was adversely affected by the case filed by JANCOM Corporation. The execution of the project was postponed pending the decision of the Executive on the Supreme Court pronouncement legitimizing the contract of JANCOM.¹⁴

¹¹ Interview with **Engr. Leopoldo Parumog**, Director III of MMDA Solid Waste Management Task Force, conducted by the **Committee on Oversight Secretariat** on June 5, 2002 at the MMDA Solid Waste Management Office.

¹² Ibid..

¹³ MMDA Accomplishment Report for CY 2000.

¹⁴ Interview with Director Parumog.

Moreover, another issue raised concerns on the location of the proposed SLF to be established in Pililla, another town in Rizal. Some leaders have posed the question why Rizal province has become the only site of SLFs.

The last two components are currently being implemented through specific waste disposal projects as shown in **Tables 26, 27, and 28.**

Table 26 MMDA Waste Reduction Program		
Project	Specific Project/s with Location	Fund Source
1. Establishment of Waste Volume Reduction Facilities (WVRF)	?? Conversion of Las Piñas Transfer Station into WVRF	P126 million/ GOP
	?? Conversion of Manggahan Equipment Depot, Pasig City into WVRF	P125 million/ GOP
	?? Establishment of additional WVRF at Smokey Mountain, Tondo, Manila	P111 million/ GOP
2. Establishment of Market Waste Reduction Program	?? EDSA Central, Farmer's Market	P27 million/ GOP
	?? Kamuning Market	
	?? New Muntinlupa Public Market	
	?? Divisoria Market	
	?? Poblacion, CC Market	
	?? Balintawak Markets	
	?? Zapote Market	
	?? Malabon Market	
3. Metro Manila Plans/Programs on Waste Segregation	?? Campaign in the private sector to promote use of recyclable materials in business	LGU's/ MMDA/ SIDA
	?? MMDA assistance thru Information-Education Campaigns and other activities	
	?? Basura Palit Bigas	

Source: Basic Data Form Per SONA Commitment of the MMDA

Accomplishment¹⁵

After the closure of the San Mateo SLF, the MMDA constructed the Montalban Waste Disposal Site (MWDS) in Rizal. With its current operation of the Montalban disposal site, the MMDA hopes to solve the tremendous garbage problem brought about by the closure of the two SLFs and the two dumpsites. Montalban Disposal Site opened in January 2002 but only as a "controlled" dumpsite.

The Montalban disposal site was constructed according to the prescribed SLF criteria. However, it will be operated as such in August 2002. By then, the Montalban disposal site is expected to process daily as much as 2,000 tons of garbage daily.

Moreover, the MMDA has established three (3) Waste Volume Reduction Facilities (WVRF) in Las Piñas, Manggahan and Smokey Mountain. The three facilities are expected to reduce

¹⁵ MMDA Director Parumog provided majority of the information in this section during an interview with the Committee on Oversight Secretariat held on June 5, 2002.

garbage for disposal to landfills by as much as 70%. Under this setup, 35% of the garbage are recycled while another 35% comprising biodegradable waste will be processed into fertilizer. Only the remaining 30% will be disposed in landfills.

The Waste Volume Reduction Facilities (WVRF) in Las Piñas and Manggahan are currently processing 1,000 tons of garbage daily. The WVRF in Smokey Mountain, however, is not yet operational owing to protests among the area’s owners of business establishments. Once operational, Smokey Mountain WVRF can process 500 tons a day.

In the meantime, the MMDA is still using Pier 18 as disposal site despite protests from the local government. Originally planned as a “transfer station”, the MMDA’s Pier 18 has become a “mini-disposal site” to date. MMDA hopes to phase out the disposal of garbage at Pier 18 at the soonest time possible.

To complement the WVRFs, MMDA has likewise established a Market Waste Reduction Program (MWRP) in 14 market and barangay sites. **Table 27** details the location and actual performance of the program.

Under this program, small facilities similar to WVRFs are operated to convert biodegradable waste into fertilizer. A segregation scheme had been set-up, as vendors are not allowed to throw away non-biodegradable waste.

Table 27				
MMDA Market Waste Reduction Program				
Project Location	Expected Outcome	Actual Performance¹⁶		
?? EDSA Central Farmer’s Market	Reduction of market waste through shredding and conversion into organic fertilizer (10 tons/ day)	1. Ongoing shredding operations in 14 market/ barangay sites at 20 tons/day 2. Converted 6,000 sacks of fertilizer		
?? Kamuning Market				
?? New Muntinlupa Public Market				
?? Divisoria Market				
?? Poblacion, CC Market				
?? Balintawak Markets				
?? Zapote Market				
?? Malabon Markets				
?? Bgy. Addition Hills Mandaluyong City				
?? Barangays Pamplona 3, Manuyo 2, Talon and Pilar, all in Las Piñas City.				
As of April 30, 2002				
Source: Basic Data Form Per SONA Commitment of the MMDA				

Like in the WVRFs, the by-product of this process – organic fertilizer - has become a source of revenue for the MMDA. MMDA earns by selling these bags of fertilizers at P3.00 per kilo. It saves by using some bags to condition the soil of islands of major roads.

An information campaign to promote awareness in the appropriate disposal of garbage comprises the third program to reduce waste. **Table 28** summarizes government efforts at this level.

¹⁶ As of April 30, 2002

Table 28
Metro Manila Waste Segregation Plans/Programs

Project Location	Expected Outcome	Actual Performance¹⁷
1. Campaign on private sector to promote use of recyclable materials in business	Increase awareness and reduction of at least 13% recyclables from stream of dry garbage	Conducted pilot community organization in 3 brgys/ communities along the Pasig River
2. MMDA assistance thru Information-Education Campaigns, other activities		Conducted 35 orientation workshops on Solid waste Segregation
3. Basura Palit Bigas	Increase awareness and reduction of recyclables from stream of dry garbage	Mobilized 125 units of TGL ¹⁸ , 12 units dedicated to Basura-Palit Bigas
As of April 30, 2002		
Source: Basic Data Form Per SONA Commitment of the MMDA		

Striking at the heart of the problem, the MMDA's waste disposal program hopes to instill discipline in garbage disposal and increase awareness among Metro Manila's populace on its garbage reduction efforts.

The MMDA's current waste disposal efforts, however, have been rendered negligible by the sheer volume and magnitude of garbage it must deal with.

First, simply put, the accumulation of garbage still outpaces the present MMDA waste disposal system.

Despite MMDA efforts, actual waste generation in Metro Manila estimated at 6,000 tons/day. Hence, based on a present waste disposal capacity of approximately 3,280 tons/day, MMDA can effectively handle only 54.66% of the metropolis' daily garbage of 6,000 tons.

Second, the MMDA is confronted with the problem of sustaining its information-education component. The MMDA's campaign to use recyclable materials has been conducted in only a few barangays. The holding of "Orientation Workshops on Waste Segregation" is sorely inadequate. More must be conducted.

Part of the future solution already exists. The "Basura Palit Bigas" program holds some promise given the provision for a concrete exchange of goods. Also, as soon as the Smokey Mountain WVRF becomes operational, MMDA can increase its waste disposal capacity by 15.24% or another 500 tons/day for a total of 3,780 tons/day.

Third, the MMDA will have to resolve issues connected with waste disposal. It will be problematic but necessary. Pier 18 will have to be transformed into a transfer station, as originally planned by MMDA, and cease being a mini disposal site.

In spite of the problems it faced in 2000, the MMDA has implemented a viable program. The establishment of additional SLFs, it is hoped, can be expedited especially since the President has been firm not to implement the JANCOM contract.

¹⁷ As of April 30, 2002.

¹⁸ Tindahan ni Gloria Labandera (TGL)

In support of MMDA's efforts, other LGUs should be required to establish WVRFs. Barangays must initiate efforts to establish a Market Waste Reduction Program in the localities. The private sector should seriously consider the economic potentials of recycling.

Fourth, the MMDA has not fully and seriously enjoined the populace to consciously segregate waste into biodegradable and non-biodegradable right in their backyards. Ultimately, the resolution of the garbage problem largely depends on the cooperation of both government agencies and Metro Manila residents.

Finally, the garbage problem in Metro Manila remains for all intents and purposes a perennial problem. Almost a year to the President's next SONA, one need not go far to realize that garbage in Metro Manila's major thoroughfares is still very much visible. In the Batasan and Commonwealth areas alone, the stinking pile of garbage along GAO-Litex, next to the traffic problem, is one of the daily hazards ordinary office workers encounter every day.

F. TRANSPORTATION MODERNIZATION

Background

Being the center of trade and commerce in the country, Metro Manila has inevitably become the “center of traffic jams”.

Aside from having a few entry and exit points, Metro Manila’s daytime population of ten to 13 million Filipinos¹ scurrying to and from the metropolis has loaded its streets beyond their limits. Similarly, there are only 3,000 kilometers (kms.) of roads to service 684,000 registered vehicles. This number excludes vehicles registered in nearby provinces that regularly traverse the streets of Metro Manila.²

As some studies have noted, there is a prevalent “**car culture**” or over reliance on motorized transport in Metro Manila.

In recent years, however, traffic congestion in Metro Manila has become very alarming. The worsening traffic congestion, despite the numerous urban renewal projects that have been instituted to address it, already greatly affected the country’s economy.

A 1999 study of the Japan International Cooperation Agency (JICA) has placed the cost of economic losses arising from traffic jams in Manila to a staggering P140 billion a year. The bigger part -- P100 billion -- was due, however, to indirect losses such as foregone business opportunities and investments, depreciation of real property and higher costs of health care brought about by air pollution.

The remaining balance of P40 billion covered wasted fuel and electric consumption, numberless working man-hours lost and additional expenses incurred in communicating with people caught in traffic by cellular phone or pager.³

17. (PROMISE #17) Reduce traffic congestion in six months

Defining the Target

The President in her SONA ordered the Metro Manila Development Authority (MMDA) to reduce traffic in six months. The President recognized that traffic jams contribute to the deterioration of the urban quality of living.

From 1998 to 2000, the MMDA Accomplishment Report points to a general improvement of traffic flow. **Table 29** shows the average travel time in Metro Manila from 1998 to 2000.

As presented to the Presidential Management Staff (PMS), the MMDA committed to substantially reduce traffic in six months. From an average travel time of 13.5 kilometers per hour (kph) in July 2001, the agency resolved to reduce this further to 14.8 kph by November 2001.⁴

¹ Pagsanjan, Greg C., “*No Solution in Sight to Traffic Problem*” in *Manila Chronicle*, October 1, 2001, p. 3.

² Greg C. Pagsanjan, “*No Solution in Sight to Traffic Problem*” in *Manila Chronicle*, October 1, 2001, p. 3.

³ _____, “*Back to Basics*”, *Philippine Daily Inquirer*, July 23, 1999.

⁴ Metro Manila Development Authority, “*Basic Data Per SONA Commitment*”, May 7, 2002.

Accomplishment

By November 2001, the MMDA, in coordination with other concerned agencies, succeeded in increasing travel time in Metro Manila by up to 16.5 kph surpassing its target of 14.8 kph by 1.7 kph. Likewise, traffic flow improved from June 2001 to March 2002, as the average travel time increased 14.64 kph.⁵

In comparison with the 1998-2000 figures, the registered average travel time of 14.5 kph is slower. The construction of various infrastructure projects along EDSA and other major roads in Metro Manila tended to slow down traffic.⁶

Table 29 Metro Manila Average Travel Time (1998-November 2001)	
Year	Average Travel Time
1998	8 -12 kph to 12-14 kph
1999	*12 kph to 15 kph
2000	15.8 kph
July 2001	13.5 kph
MMDA SONA Target by Nov 2001	14.8 kph
*1 st semester of 1999	
Source: Metro Manila Development Authority	

In particular, the ongoing simultaneous construction of the mass transport projects and interchange structures along major roads has affected the flow of traffic. In addition, traffic is slowed down by the continuous concrete blocking of streets and drainage improvement projects currently being undertaken throughout Metro Manila.

The MMDA also has to contend with the marked increase in the number of motor vehicles registered in Metro Manila. Per records of the Land Transportation Office (LTO), the number of registered motor vehicles in Metro Manila has increased by 4% from 1998 to 2000. This is equivalent to 51,084 newly registered vehicles.

Comparing the CY 2000 data to that of 1987, the number of registered motor vehicles in Metro Manila has increased by 795,748. Thus, 61,211 new vehicles, on the average, pour every year into the streets of Metro Manila.⁷ LTO has not even factored in the number of vehicles registered in nearby provinces whose regular route is Metro Manila.

Other causes of traffic congestion include the following, to wit:

1. **Undisciplined drivers.** Comprising the bulk of undisciplined drivers, public utility vehicle drivers have largely ignored traffic rules and regulations by loading and unloading passengers wherever and whenever it is convenient.
2. **Absence of central authority.** No central authority supervises and coordinates traffic enforcement. The preponderance of the so-called "rainbow colors" of uniformed men

⁵ Ibid.

⁶ According to MMDA's Rene Encarnacion,

⁷ Land Transportation Office, "Number of Transactions Handled by LTO Annual Report", 1987-2000.

and women representing the personnel of several traffic enforcement agencies at major intersections is evidence enough.

3. **Increasing volume of private cars.** More than one-half of registered vehicles are privately owned.⁸ Private cars have accounted for 2/3 or ¾ of vehicular volume. Worse, about 80% of private vehicles traverse Metro Manila's the streets with only one or two passengers in each car.⁹

Given these problems, the MMDA, in coordination with other traffic enforcement agencies, has implemented a variety of measures to reduce traffic congestion.

In the field of traffic enforcement, the MMDA leads an operation against "out-of-line" and "colorum" buses. As of April 23, 2002, 4,240 apprehensions have already been made.¹⁰

In traffic engineering, the MMDA regularly monitors and regulates the traffic flow in the following areas.¹¹

1. EDSA/O. Avenue Interchange (71% open to vehicular traffic);
2. C-5/Boni Serrano/Katipunan Avenue;
3. C-5/Ortigas Avenue Extension (road widening for the construction of Interchange Stage II);
4. Balintawak-Novaliches EDSA portion of the North Luzon Tollways Project NLTP (drainage improvement and concrete blocking);
5. EDSA/Tramo (three lanes closed to traffic for the construction of the flyover)

Finally, the MMDA has eliminated red tape by ridding redemption centers (RCs) and the Traffic Adjudication Board (TAB) of fixers and loitering employees. This effort reduced the waiting time for drivers redeeming confiscated licenses. The MMDA has claimed service time is now less than 15 minutes.

The MMDA has exceeded its target with respect to the reduction of travel time by 1.7 kph. MMDA sustained the improvement in traffic flow from July to April by achieving an average travel time of 15.2 kph.

Considering the various large-scale infrastructure projects currently in progress, traffic congestion in Metro Manila persists. The MMDA, therefore, must increase its efforts and devise innovative approaches to sustain the gains its has already made.

To a great extent, motorists are necessarily a part of the problem as well as a partner in effectively reducing traffic congestion. The government must increase its investment in traffic education such as encouraging the driving public to car pool and use alternate routes when possible.

While these are being undertaken, however, MMDA must simultaneously ensure the implementation of an efficient and consistent traffic enforcement program. MMDA should seriously study the possibility of coming out with a consolidated version of traffic rules and regulations considering the number of traffic enforcement agencies. A standard set of policies is urgently needed to promote stability and simplify matters for the everyday driver.

⁸ Conrado De Quiros, "Plaque, Boils and Traffic" in *Philippine Daily Inquirer*, October 15, 1999, p. 8.

⁹ Jodeal Cadacio, "Discipline, Law Keys to Traffic Heaven" in *Today*, January 4, 1995, p. 3.

¹⁰ Metro Manila Development Authority, "Basic Data Per SONA Commitment".

¹¹ Ibid.

Finally, based on a random survey conducted by the Committee on Oversight, respondents are of the belief that Metro Manila is still experiencing traffic flow difficulties.

18. (PROMISE #18) Construct additional lines of the mass transport system and finish three in 2004

Defining the Target

The worsening economic effects of traffic congestion was not lost on the President who recognized the need to speed up the implementation of the Metro Rail Transit (MRT) component to address this worsening urban problem. Thus, the President promised to build at least three new mass transit lines within her term to benefit millions of the commuting public. In this endeavor, the President likewise underscored the need to harness the support of the private sector.

Hence, the Department of Transportation and Communications (DOTC) was mandated to take charge of three main mass transit projects, to wit:

1. Construction of MRT 3 Phase II;
2. Construction of MRT 4 Phase 1; and,
3. Complete rehabilitation of the Philippine National Railways.

The Light Rail Transportation Authority (LRTA), on the other hand, was tasked to undertake the following, to wit:

1. Construction of MRT 2; and,
2. Extension of LRT 1.

Table 30 details the expected outcome, the length of the mass rail transit and the target completion date for each of the projects.

If accomplished as scheduled, these mass transit projects are expected to benefit almost three (3) million passengers daily in Metro Manila. This is in addition to the estimated 547,030 daily passengers currently riding in existing rail transits.¹²

Project	Estimated Passengers	Length	Target Date
MRT 2 Construction	350,000 pax/day	14.0 kms.	2004
LRT 1 Extension	Increase to a total of 900,000 pax/day	12.0 kms.	2004
MRT 3 Phase II Construction	530,000 pax/day	5.0 kms.	2004
MRT 4 Phase I Construction	350,000 pax/day	15.1 kms.	2007
Complete PNR rehabilitation	350,000 pax/day	50.0 kms.	2005
Total	2,480,000 pax/day	96.1 kms.	

Accomplishment

¹² Department of Transportation and Communications, "Year-End Accomplishment Report CY 2000".

Almost a year after the President has set in motion an ambitious plan to address the demand for an efficient mass transport system in Manila, what has been accomplished by the agencies tasked to fulfill her commitments?

Table 31 presents the status of the two projects under the LRTA.

<p align="center">Table 31 Mass Transport System: LRTA Actual Performance</p>		
Projects	Actual Performance	Funding Requirement/ Source
MRT 2 Construction*	??Optimistic will operational by 2003 ??Substructure construction almost 90% complete ??Viaduct and station construction 61% complete ??Acquisition of rails and trains 36% complete	P 31.42 B divided into: ?? Loan/Grant Proceeds - P20.7 billion (OECP) ?? Peso Counterpart - P10.721 billion
LRT 1 Extension**	??Review of Implementation Agreement, conduct of preliminary design and acquisition property still ongoing ??Civil construction may only be started in November 2002	LRTA/SNC-Lavalin International, Inc. Joint Venture ??Property Acquisition - US \$28 million ??Civil Construction - US \$371.368 million - Rail ??Rail and trains - US \$442.118 million
* Old Bilibid to Santolan		
** Baclaran to Bacoor		
Source: Light Rail Transit Authority		

Table 32 presents the status of the three projects under the DOTC.

Notwithstanding her SONA commitment, however, majority of the rail transit projects cannot be finished in the time allotted by the President. Except for the Construction of MRT 2, most of the projects are substantially behind schedule.

Continuous availability of funds and the complementary bureaucratic requirements are still major concerns. The fund for the advance works of the LRT Line 1 South Extension Project, for instance, is still pending until the issuance of the amended "Performance Undertaking".¹³ This is supposed to cover the Advance Works Agreement. However, Project Officers are still awaiting a resolution by the Department of Justice on the matter.

¹³ Light Railway Transit Authority, "Basic Data Form per SONA Commitment".

Table 32
Mass Transport System: DOTC Actual Performance

Projects	Actual Performance	Funding Requirement/ Source
MRT 3 Phase II Construction*	?? DOTC approved Build Transfer (BT) Scheme Draft Contract ?? MMDA endorsed BT for implementation ?? Investment Coordination Committee (ICC) evaluation ongoing	?? US \$214 million ?? Build Transfer (BT) scheme under RA 6957/RA 7918
MRT 4 Phase I Construction**	?? French Consortium currently refining the proposal ?? DOTC will re-endorse project to the ICC	?? US \$958 million ?? BT - civil works financed by government ?? Build Operate Own (BOO) Rolling Stock financed by the Consortium
Complete PNR rehabilitation***	?? Restructuring proposal submitted to ICC ?? Proposal for full processing and approval in 2003	?? P14,200 million (1999 prices) ?? Government to finish civil works ?? Private sector to operate/own rolling stock
* from North Avenue to Monumento ** Old Bilibid to Batasan *** Sta Mesa or España to Alabang/Calamba to Carmona		
Source: Department of Transportation and Communications		

Aside from the initial problem of finding funds to finance these projects, DOTC and LRTA have encountered delays in implementation arising from right-of-way problems, litigation, and other implementation problems.

Dealing with right-of way problems is a common concern. Project officers of LRT Line 1 and MRT Line 2 are still negotiating with property owners to settle right-of-way issues.

In the MRT Line 2 project, there are three problematic properties. One of the owners of these properties even rejected the LRTA's second offer to purchase the same. Also, the relocation of former occupants has been for the most part problematic, i.e. finding a suitable relocation site for those displaced by the demolition of the Old Sampaloc Market to give way to the MRT Line 2. In some other properties, expropriation complaints already filed in courts are still awaiting the issuance of the writ of possession.

Moreover, project officers have encountered difficulties in coordinating with LGU officials. In the case of LRT Line 1, they are still awaiting the endorsement of the project by Parañaque Mayor Joey Marquez.¹⁴ Discussions on critical issues affecting the possible alignment of Line 1 are yet to be held. As a matter of fact, the LRTA has already submitted the new alignment

¹⁴ Ibid..

and structural framing and photo-typical elevated station plans to the Parañaque Mayor's office for action.¹⁵

Finally, there is the urgent need for contractors to speed up the submission of requirements for the procurement and delivery of materials to expedite the implementation of the project.

Given these problems, the completion of most of the rail transit projects as scheduled is doubtful. Of all the projects expected to be operational at the end of the President's term, only MRT Line 2 is capable of realistically meeting the deadline. As it is, however, the implementation of this project is already delayed considering that it was started sometime in 1998.

Project officers have already identified common issues such as fiscal, legal and implementation problems. There is a need, however, to anticipate them and realistically project the time frame required for the completion of each project. This is to avert any undue expectations from the public.

More importantly, properly apprised of the situation, the President would be accorded the opportunity to adjust her targets lest she be accused of renegeing on her SONA commitments.

¹⁵ Ibid..

G. REFORMING THE BUREAUCRACY

19. (PROMISE #19) Issue LTO licenses in half an hour

Defining the Target

The President in her SONA directed the Land Transportation Office (LTO) to issue licenses in half an hour. Guided by its mandate, the LTO shifted its various programs and projects towards the adoption of a more systematic flow of transaction and schedules of fees and charges for each basic function.

Accomplishment

To date, 31 LTO District Offices and Licensing Centers nationwide are now capable of issuing driver's licenses within the 30-minute period program or even less. That is, provided applicants have complied with all the required documents prior to the processing of applications.¹ This was made possible after the installation of new instant laminators procured by the LTO.²

The 30-minute period program, however, only covers the **plain renewal of driver's license transactions**.³

Under the new application procedures for Professional and Non-Professional Driver's License, whether new or renewal, applicants are required to undergo drug testing at the nearest accredited drug testing centers. In line with the Drug Testing Program, road users were required to undergo the drug test as a preventive measure against road mishaps and other road hazards among the revised application requirements⁴.

The LTO has likewise adopted the Driver's Licensing System (DLS) prepared by its Information Technology (LTO-IT) office. Under this new system, the procedures and steps involved in the issuance of Student Permit, New Driver's License and Renewal of Driver's License have been significantly streamlined.⁵ The following presents the improved process flow followed by the LTO.

Although, the reduction in the procedural steps and required signatures were significant, the LTO has exerted sustained efforts to further reduce and streamline the process. A main feature of LTO's streamlining program is the recent installation of the **Driver's License Kiosk** at pilot public areas.⁶ Through its kiosks, the LTO hopes to bring government services closer to the public and make its services easier, more convenient and hassle free for applicants. This system, however, is not yet immediately available to the general public since some refinements and enhancements have been instituted before its final implementation.

For its program to be successful, the LTO needs sufficient funding, adequate manpower, and technological capability to meet the demands of increasing number of applicants and expedite transactions. The computerization of the examinations and correction of test papers for new applicants is a priority.

¹ Communication of Land Transportation Office License Section Chief Mrs. Nori Madrid to Hon. Joey Sarte Salceda dated May 20, 2002.

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

The LTO basically complied with the President's SONA commitment to issue licenses in half an hour. However, for CY 2001, driver's licenses and permits LTO issued totaled only 2,935,502 or 1.74% below its target of 3,047,200 licenses and permits.⁷ LTO attributed the decrease to its strict adherence in the implementation of the new prescribed procedures.

For CY 2001, the National Capital Region (Metro Manila), among the 16 Regional Offices, issued the most number of licenses and permits with a 27.18% share.⁸ Region IV (Southern Tagalog) closely followed with 15.61%.⁹

20. (PROMISE #20) Issue NBI licenses in one day

Background

For quite a long time, obtaining clearance certificates from the National Bureau of Investigation (NBI) had not been easy to the ordinary man on the street. This had been characterized by long queues made harder by the bureau's laborious manual receiving of requests and checking of individual records.

Understandably, the NBI used to daily serve roughly 30,000 applicants for clearance certificates.¹⁰ Even under the previous administration, applicants with no namesakes or derogatory records were requested to return after three (3) days to claim their respective certificates. Those who have namesakes or cases can only obtain their certificates after a week.¹¹

Defining the Target

Of late, the NBI has vastly improved its services with the establishment recently of a wide-ranging computerized clearance processing system. With the system in place, it has enabled the NBI to issue, at a faster rate, clearances within the day.

With the efficient processing of clearance certificates, the NBI decisively shortened the long wait thereby decongesting its compound from the long queues of applicants. The system has increased government revenues as well.

Still, the issuance of clearance certificates was not fast enough.

Accomplishment

That, however, is all in the past. No less than the President herself commended NBI's fast and efficient service when she delivered her first SONA speech before Congress.

Today, applications for clearance certificates are issued in a matter of minutes, literally. After completing the required procedures, the NBI can now release the certificates of applicants with no namesakes in five (5) minutes. Likewise, applicants with namesakes or derogatory records need not anymore wait for long. Their certificates are now released after 48 hours.¹²

⁷ Land Transportation Office, "Annual Report CY 2001", p. 8.

⁸ Land transportation Office, p. 11.

⁹ Land transportation Office, p. 11.

¹⁰ Letter to Hon. Salceda from the National Bureau of Investigation, May 18, 2002.

¹¹ Ibid.

¹² Ibid.

To ensure such services are very accessible to applicants, NBI established "renewal kiosks" in four (4) malls in Metro Manila. Extending further its reach to the regions, the NBI installed the computerized clearance processing system in its three (3) regional offices, four (4) district offices and three (3) satellite offices.¹³ This was in addition to NBI's ten (10) regional/district offices whose respective computerized clearance processing system had been installed even before the President SONA delivered her SONA.¹⁴

22. (PROMISE #22) Cut steps/signatures required by government agencies in half

Background

"Bureaucratic red tape" refers to government procedures that impede the speedy process of providing quality service to the public by adding unnecessary, unjustifiable or ungainly requirements, compliance, and limitations to its transactions. Furthermore, it includes government-imposed regulations, to wit:

1. Registration requirements;
2. Processing period;
3. Initials and signatory requirements;
4. License approvals;
5. Permit clearances;
6. Restrictions;
7. Steps and guidelines;
8. Procedures;
9. Filing and certification requirements;
10. Paperwork; and,
11. Other practices that are not really necessary.

Defining the Target

Realizing the need to correct inefficiency and improve services in the bureaucratic system, the President in her SONA vowed to cut all steps/signatures required by government agencies in half. To this end, the President issued a policy statement that would draw up new programs to reduce bureaucratic red tape, bottlenecks and graft and corruption in the Executive Branch, in particular, and to improve efficiency in government service, in general.

A check by the Committee on Oversight with the records section of Malacanang revealed there were no presidential issuances, executive orders or directives issued by the President to this effect. The Malacanang Records Section Director, however, noted that Executive Order 165, issued by then Pres. Joseph Ejercito Estrada, directed all government offices to formulate institutional strengthening and streamlining programs for the Executive branch. To a certain extent, EO 165 indirectly addressed the problem of red tape in the bureaucracy.

To check and validate agency compliance with the President's SONA commitment, the Committee on Oversight sent numerous communications to all government agencies to check if the government agencies have cut steps or signatures in their respective frontline services.

¹³ Ibid.

¹⁴ Ibid.

Two months later, the Committee began the arduous task of tabulating and processing the responses of at least 52 government agencies tasked to process application, permits and other registration requirements.

Accomplishment

Generally, the 52 agencies are in technical compliance with the SONA commitment of the President. Almost all of the agencies that responded to the Committee's inquiries have substantially cut steps or signatures in the processing of their respective transactions.

The Department of Trade and Industry (DTI), Philippine Health Insurance Corporation (PHIC) and Videogram Regulatory Board (VRB) have in particular been in the "fast flow process" even before the President delivered her SONA and made the commitments. The three agencies retained their old procedures and number of signatories but shortened the processing time. The number of signatures is already the least required in every transaction.

DTI has been implementing fast processing of documents. It has established express lanes thereby effectively reducing the occurrence of red tape.

The VRB has stopped issuing temporary licenses. Applications with complete requirements are processed immediately.

The Civil Service Commission (CSC) has significantly reduced the steps in two of its services. The Merit Protection & Promotion Service reduced steps by 24% while the Administrative Service with 37.50%. (See **Table 33** for agency breakdown.)

The Department of Science and Technology (DOST) launched its "Oks Na Oks sa DOTC" program. "Oks Na Oks sa DOTC" is the acronym for, to wit:

1. "O" for Organizado (Organized);
2. "K" for Kalinisan (Cleanliness); and,
3. "S" for Seguridad (Security) in the delivery of transportation and communications services to the public.

In its commitment to anti-corruption, the DOTC Regional Management Council (RMC) established inter-agency linkages and inter-relationships at varying levels with LGUs and NGOs. The DOTC's RMC is composed of the department's regional heads of all its offices/agencies and the implementing arm of the Oks Na Oks program.

As the lead agency in the health division, the Department of Health (DOH) is responsible for the implementation and monitoring of the reduction of signatures. Other offices are the Bureau of Health Devices and Technology (BHDT) and the Bureau of Health Facilities and Services (BHFS). One of BHDT's services is the accreditation of medical equipment suppliers. BHDT has reduced its number of signatories from four (4) to two (2). On the other hand, the BHFS retained the old procedures of its two (2) services. Said procedure has adopted a fast flow in the releasing of licenses, certificate accreditation and clearance to operate.

The National Police Commission (Napolcom) reported it has streamlined procedures in five of its services to the public, to wit:

1. Issuance of PNP Clearance;
2. Firearms Licensing;
3. Private Security Agency License to Operate;

4. Security Guard Licensing; and,
5. Motor Vehicle Clearance Certificate.

Napolcom registered a 34.38% reduction in the number of signatures required for all the services it provides: from 96 signatures to 63 signatures. Thus, NAPOLCOM vastly improved and shortened processing time for its services. In addition, the NAPOLCOM also lowered by 26.09% the total number of required documents for submission by applicants in overall services or from 23 to 17 signatures.

Under its PROUD (Promote Reduction of Undue Delay) program, the Bureau of Fire Protection (BFP) institutionalized an anti-red tape measure in the processing and issuance of permits/certificates by the city/municipal fire stations to applicants. Under the PROUD program, the processing time was reduced from five (5) working days to only three (3) working days for the issuance of the following, to wit:

1. Fire Safety Correction Sheet (FSCS);
2. Fire Safety Inspection Certificates (FSIC) for the construction and occupancy of buildings and operation of industrial, commercial and business establishments.

Moreover, BFP's general services requirement of 20 signatures was cut down by 25% to 15 signatures. To further improve the processing flow of its services, the BFP has requested the acquisition of office equipment and other supplies for printing of posters and brochures to be used for public information campaigns.

The Philippine Overseas Employment Administration (POEA) has reduced total processing time in all of its services to 55.58%. Services included Welfare and Employment Services, Licensing and Evaluation, Adjudication Services and the General Administration and Support Services.

The OWWA has likewise lowered the number of its processing days. For Insurance Claims, OWWA reduced its processing days to an impressive 86.67% or from sixty (60) days to eight (8) days. OWWA also significantly reduced by 62.50% the processing days required under its Loan Programs of from eight (8) months to three (3) months.

Processing of OWWA's Medical Reimbursement claim was 50% reduced from sixty (60) days to thirty (30) days. Processing time of Scholarship/Training grants (processing grants) reduced by 50% or from one (1) day to half (½) day. Approval for the availment of OWWA programs and services required only one (1) signature. OWWA has ensured that the designated signatory for all transactions has alternate signatories to prevent the disruption of service delivery.

The BLE's service reduced its number of signatures to only 40% or from five (5) to three (3) signatures. Processing of applications and Issuance of Alien Employment Permits (AEPs) will soon be further improved once the automated Alien Registration System via the BLE-IS has been deployed and operationalized.

As of 10 May 2002, the Department of Tourism (DOT) simplified the number of documentary requirements and procedures for accreditation applicants by assigning only one signatory. DOT's Regional Directors were authorized to sign certificates of accreditation for establishments located in the provinces.

The Development Bank of the Philippines (DBP) provided two (2) sectors to improve services to the public: the Program Lending sector and the Corporate Banking sector. To speed up the services in these two sectors, the number of signatories was not increased.

In addition, the DBP institutionalized a Productivity Improvement Program aptly called QUEST (Quality, Excellence, and Service through Teamwork). The program seeks to improve bank processes to enable it to render quality services to both external and internal clients. Projects that are currently being implemented are: Special Regional Clearing Operations which reduced the clearing time of out of town checks and other items by an average of four (4) days; Project Compulink; Instant Locator; Auto Encode; Sundry Collection System and Branch Queuing System. Some of these programs have been recognized for their positive impact on the Bank’s delivery of service to clients.

The Local Water and Utilities Administration (LWUA) issues permits or licenses to its clientele, the Water Districts. However, as fund source for capital projects, its service transactions involve the processing of projects, contractors, suppliers, and consultants' payment claims, from receipt of supporting documents until check release. LWUA reduced by about 41.67% or seven (7) signatures the old procedure of twelve (12) signatures to increase efficiency in services.

The Stocks Exchange Commission (SEC) listed four (4) divisions providing new, efficient and restructured services. First, the Non-Traditional Securities & Instruments Department has reduced its number of signatories in its services to 41.03%. From the old procedure of thirty-nine (39) signatories, it was reduced to twenty-three (23) signatories.

Second is the Corporate Finance Department wherein only the processing time was reduced in its general services. The percentage of reduction totaled to 39.77%, from eighty-eight days (88) to fifty-three (53) days.

Third, the Market Regulation Department trimmed down the number of signatories to 25% in all services. As a result of strict implementation and compliance, it has reduced twenty-four (24) signatures to eighteen (18) signatures.

Fourth, the Company Registration Monitoring Department reduced both the number of signatories and number of processing time to 23.81% and 71.05% respectively.

Table 33
Steps/Signatures reduced by Government Agencies

Department /Agency	Streamlined Service	Total No. of Signatures (Old Procedure)	Total No. of Signatures (New Procedure)	% Reduction
1. Civil Service Commission	Merit Protection & Promotion Service	25 signatures	19 signatures	24%
	Administrative Services	8 signatures	5 signatures	37.50%
2. Department of Health-Bureau of Health Devices & Technology (BHDT)	Accreditation of medical equipment suppliers	4 signatures	2 signatures	50%
3. Department of Health-Bureau of Health Facilities & Services (BHFS)	same procedure used	same	same	none

4. DILG-Napolcom	PNP Clearance, Firearms Licensing, Private Security Agency License to Operate, Security Guard Licensing and Motor Vehicle Clearance Certificate	96 signatures 18 days 23 documents	63 signatures 5 days 17 documents	34.88% 72.22% 26.09%
5. DILG-Bureau of Fire Protection	Issuance of Fire Safety Correction Sheet (FSCS) and the Fire Safety Inspection Certificates (FSIC)	5 days 20 signatures	3 days 15 signatures	40% 25%
6. DOLE-POEA	Welfare & Employment Services, Licensing & Evaluation, Adjudication Services and General Administration & Support Services	792.88 days (processing)	352.21days (processing)	55.58%
7. DOLE-Overseas Workers Welfare Administration	Insurance Claims (including disability & burial)	60 days	8 days	86.67%
	OWWA loan programs	8 months	3 months	62.50%
	Medical Reimbursement claims	60 days	30 days	50%

8. DOLE-Bureau of Local Employment	Processing of applications & issuance of Alien Employment Permits	5 signatures	3 signatures	40%
9. Department of Tourism	Accreditation of Tourism Establishment	1 signature	same	none
10. Development Bank of the Philippines	Program lending Sector	28 signatures	same	none
	Corporate Banking sector	17 signatures	17 signatures	
11. Local Water Utilities Administration (LWUA)	Processing of projects contractors/ suppliers/ consultants' payment claims, from receipt of supporting documents until check release	12 signatures	7 signatures	41.67%
13. National Commission for Culture & Arts (NCCA)	Processing of project proposals	6 signatures	3 signatures	50%
		8 months (processing)	3 months (processing)	62.50%
14. Philippine Health Insurance Corporation	Payment of Philhealth benefits	7 signatures	same	none
15. Securities & Exchange Commission (SEC)	Accreditation of Hospitals & Professionals	3 signatures	3 signatures	none
	Non-Traditional Securities & Instruments Dept.	3 signatures 39 signatures	3 signatures 23 signatures	none 41.03%
	Corporate Finance Dept.	88 days (processing)	53 days (processing)	39.77%
	Market Regulation Dept.	24 signatures	18 signatures	25%
	Company Registration Monitoring Dept.	42 signatures 114 days (processing)	32 signatures 33 days (processing)	23.81% 71.05%
	Scholarship/Training grants (Processing of Grants)	1 day	1/2 day	50%

H. ENERGY

23. (PROMISE #23) Energize 1,500 barangays nationwide and attain 85% energization rate by June 2002

Background

Full energization has been as one of country's priority programs from one administration to another. By the end of her six-year term in 1992, President Aquino had energized 6.7% or 2,844 of the country's total 41,995 barangays. Pres. Fidel V. Ramos managed to energize 3,335 barangays for the period 1992-1998 adding 7.94% to the country's entire energization pie. Pres. Joseph Ejercito Estrada, energized another 3,035 barangays under the ERAP Program.

Defining the Target

In her SONA, the President committed to energize 1,500 barangays and attain 85% energization rate nationwide within one from SONA.

Under the "O-llaw Program", the President's barangay energization program was primarily implemented by the Department of Energy (DOE) and the National Electrification Administration (NEA). **Table 34** summarizes the contribution of various agencies in the implementation of the "O-llaw Program" for the period July 2001 – June 30, 2002.

Accomplishment

As of June 30, 2002, a total of 1,513 barangays have been energized nationwide versus SONA commitment of 1,530. **Table 35** summarizes energization accomplishments per administration. With one more month to go, this SONA is likely to be comfortably exceeded.

Table 34 Barangay Energization		
Agency	Contribution	% to Total
National Electrification Administration	655	43%
Department of Energy (DOE)	129	8%
Others: NPC -SPUG, PNOC -EDC, Mirant, IOUs/LGUs, Adopt-A-Brgy	729	49%
TOTAL	1,513	100.00%
As of June 30, 2002		
Source: Department of Energy		

TABLE 35
Barangay Energization Per Administration

AQUINO	RAMOS	ERAP	GMA
1986 – 436	1992 - 399	1998 – 925	Jan.-June'01 - 818 (1.95%)
1987 – 475	1993 - 494	1999 – 755	<u>SONA - 1,500 (2.54%)</u>
1988 – 447	1994 - 510	<u>2000 - 1355</u>	(July'01-May'02)
1989 – 349	1995 - 574		
1990 – 363	1996 - 421		
1991 – 554	1997 - 688		
1992 – 220	1998 - 249		
Total- 2,844	Total- 3,335	Total - 3,035	Total - 1,884
Contribution %= 6.77% Average/month 39.5 Brgys	Contribution %= 7.94% Average/month 46.52 Brgys	Contribution %= 7.23% Average/month 101.16 Brgys	Contribution %= 4.49% Average/month 110.82 Brgys
Total Barangays: 41,995			
As of May 30, 2002			
Source: Department of Energy (DOE) "O-Ilaw Program"			

Table 36 details the number of "Barangays Energized Per Region"

TABLE 36 Barangay Energized Per Region	
I	15
II	51
III	10
IV	140
V	97
VI	116
VII	110
VIII	205
IX	53
X	55
XI	47
XII	50
ARMM	45
CAR	29
CARAGA	43

President Estrada planned to attain a 100% energization level nationwide by year 2004. Such goal was initially retained by Pres. Gloria Macapagal-Arroyo. Tasked to implement the "O-ILAW Program", the DOE, however, projected a lower 90% electrification level by the year 2004 or 10% short of the original "ERAP Program" target of 100% in the same year. The DOE also revised or moved back the target to attain full 100-energization level in the country by two years or 2006 versus original target year of 2004 under the "ERAP Program".¹

¹ Information taken during the interview with a DOE official conducted by the Committee on Oversight Secretariat.

Thus, based on the above data, a total of 35,218 barangays of the country's total 41,995 barangays have actually been energized as of June 4, 2002. By the time the President will have delivered her SONA in July 2002, the country's electrification level of 84% had already been reached. (Please refer to **Table 37**.) Hence, only 6,777 more barangays are waiting to be energized for the Philippines to attain a 100% energization level.

Still, the President's SONA commitment to attain an 85% energization level nationwide by June 2002 is shy by one percent (1%). In real terms, the energy agencies needed an equivalent of 419 more barangays to fully comply with her SONA commitment of attaining an 85% energization level by June 2002. (Please refer to **Table 37**.)

Table 37				
Status of Barangay Electrification				
	Potential	Actual	Electrification Level	Unenergized
RECs	36,075	29,439	82%	6,636
MERALCO	4,352	4,277	98%	75
Other PIOUs/LGUs	1,568	1,502	96%	66
Total Barangays	41,995	35,218	*84%	6,777
As of June 4, 2002				
<small>Source: Department of Energy (DOE) *O-llawProgram*</small>				

This achievement must be attributed to the vigorous efforts of the energy family (DOE, NEA, PNOC-EDC) and to the contribution of 364 barangays by Mirant Philippines Inc.

24. (PROMISE #24) Reduce power rate

Accomplishment

The Filipino public considers this commitment as one of, if not the, most critical indicators of performance with respect to the 2001 SONA. While the P0.30/kwhr mandatory rate reduction for residential end-users would have complied with this commitment, this was simply wiped out by the increased charges on power purchase agreement (PPA). The fact is people are paying higher power bills a year after the SONA.

This is principally due to the onerous IPPs contracted during the power crisis coupled with the idle power covered by take-or-pay provisions. In her presentation before the June 3, 2002 meeting of the House of Representatives Committee on Energy, Prof. Del Mundo clarified that the country has actually a 40% power surplus.

The cost of this anticipatory power supply is principally borne by consumers. Hence, there has been a growing strong public outcry and outrage over the cost of current electric rates. This is now being blamed for the falling SWS ratings of the President. In response to the public outcry on high power rates, the President unveiled a 10-point agenda to reduce electricity rates. This is a preemptive strike against any criticism on this major SONA failure ahead of her second SONA. Table 37 outlines the 10-point agenda which was announced on 28 June 2002, Malacanang, Manila.

Table 38
10 POINT AGENDA TO REDUCE POWER RATES

1. Reflect the true cost of service in the rates
2. Introduce price incentives to stimulate demand
3. Optimize the utilization of generation capacity to minimize cost
4. Establish competitive wholesale generation market
5. Accelerate open access to give end-users the power of choice
6. Require efficient performance of distribution utilities
7. Strengthen the electric cooperatives
8. Seek to reduce IPP contract costs
9. Explore financial engineering to reduce stranded costs
10. Enhance ERC's capability to promote consumer welfare

Many of these measures would have mitigating impact in the medium-to-long term. For short-term relief, the national government should focus on Option 8 by decisively pushing for renegotiation in order to ease the burden on consumers and/or taxpayers. Industry experts believe that out of the 2,000 MW capacity surplus, at least 1,000 MW may be subject to renegotiation particularly on those lucrative IPPs that have already run for several years. These include some contracts of Mirant, Enron, Alsons and Salcon. Three (Mirant, Enron and Salcon) have already expressed their willingness to renegotiate. The government may also renegotiate IPP contracts from BOT to BOO, thereby allowing terminal values to be transformed into current cost savings. Another strategy that may be pursued is on fuel purchase arrangements shifting the burden to the operator who would pass on fluctuations to consumers subject to competitive conditions.

Given the recent disappointment, what will only convince consumers are **5-year price caps** on electricity rates for targeted consumer segments, particularly the poor. In this regard, RA 9136, otherwise known as the Electric Power Industry Reform Act (EPIRA) must be amended to provide end-users immediate relief from the high cost of the PPA charges. The Committee on Energy has already approved the House Bill No. 4847 capping the PPA to P0.40/kwhr. Since Congress is on recess, the bill amending EPIRA will only be acted upon after the next SONA in July 2002.

But even if this enacted into law, the country must contend with an already tight fiscal condition. Clearly, any relief to the consumers will be at the expense of the national budget via expenditure cuts particularly on capital outlays or social programs if deficit ceilings are to be maintained or via higher taxes shifting the burden to taxpayers. Thus, renegotiation should be the major focus of the administration.

I. DEFENSE AND SECURITY

25. (PROMISE #25) Provide a one billion peso budget for the Philippine National Police Modernization Program

Accomplishment

As of May 2002, the PNP has spent a total of P480 million for the acquisition of modern equipment. If that amount was indeed intended for the PNP's modernization program, the budget is more than half (52%) or P520 million short of the President's SONA commitment of one billion pesos.

Congress has not acted upon the proposed bill seeking to modernize the Philippine National Police (PNP). Hence, pending the passage of the proposed PNP Modernization Law, the PNP leadership has instituted measures to professionalize the ranks of the police force.

Among the measures instituted thus far by the PNP are the following, to wit:

1. Institutionalization of the requirement of a college degree for all police officers. At the moment, 12,929 PNP personnel are currently enrolled at various universities and colleges nationwide at their own expense.
2. Under "LOI Patnubay", 2,638 of 5,531 cases (scalawags including "kotong" [mulcting], extortion, etc.) involving abusive police personnel or 48% of the total have been acted upon. Of these, 2,117 police officers and men have been charged and penalized (reprimanded, restricted to quarters, suspended, forfeiture of salaries, demoted, dismissed, forced resignation) for various offenses.

26. (PROMISE #26) Eliminate the Abu Sayyaf in one year

Accomplishment

Sustained military operations against the Abu Sayyaf Group (ASG) have resulted in the reduction of the group's strength from 1,200 members in 2000 to 800 in 2001. Ongoing Armed Forces of the Philippines (AFP) operations jointly conducted with the police and about 1,200 American military advisers have further trimmed the ASG's number down.

The ASG, at this time however, may be down but not yet out, as the cliché goes. The elusive ASG may have waned considerably but its members have not been completely eliminated yet as promised by the President. Some leading ASG elements have, in fact, shown an uncanny ability to evade the Philippine military's pursuit operations. Abu Sayyaf Spokesman Abu Sabaya, for instance, escaped in the most recent encounter with the military in Zamboanga del Norte.

With only a month to go before the President's next SONA, it is not unsafe to conclude that the joint Philippine military/police forces with American logistical support have complied with this commitment.

For the first time in years, there had been a considerable reversal from the upward average trend of kidnappings posted by the ASG for the period 1993-2000. From July 2001 to March 2002, the AFP neutralized 445 ASG members: 100 killed, 66 captured, 130 surrendered and 149 apprehended. A total of 189 firearms were also recovered. (Please refer to **Table 39**) Of the 93 hostages abducted by the ASG, 87¹ have either been released or rescued for a 92% accomplishment rate.

Table 39 Neutralizing the Abu Sayyaf (July 2001-June 2002)	
AFP Field Statistics	Number
Killed in action	100
Surrendered	130
Captured	66
Arrested	149
Total ASG neutralized	445
Firearms recovered	189
Rescue of Hostages	
Total ASG abducted hostages	93
Hostages released/rescued	87
Hostages killed in rescue attempt	2

Key ASG leaders arrested thus far have included the following, to wit:

1. ASG military chief Commander "Global";
2. ASG Commander Manahan Jumadil, a close associate of Ghalib Andang also known as Commander "Robot";
3. Hector Janjalani, brother of ASG founder Khaddafy Janjalani; and,
4. ASG political strategist Jimmy Theng.

An all out war against Muslim Abu Sayyaf is proving costly for the Philippine government. The government spent P1.33bn in 2001 for four months of operations. The cost of foods, transportation, supplies and ammunition to marine and army battalions or about 5,000 troops has already cost the government P8M week² or about P224M since January 2002 up to July 2002. Nonetheless, the P224M is lower than the P1.337B, mainly due to the support of American logistics under the Balikatan exercises.³ The figures do not include money spent on a naval blockade and air force backup. For combat operations, according to the official, the Government normally spends a conservative P1M per battalion on a weekly basis or P2,285 per soldier in a day.

¹ Originally 86 hostages for the period July 1, 2001-March 2002. Figure updated to 87 to reflect the latest rescue attempt (June 2002) in Zamboanga del Norte where two of three hostages died in the crossfire between the military and the Abu Sayyaf Group led by Abu Sabaya.

² http://www.lnq7.net/brk/2001/jun/19/text/brkpol_19-1-p.htm

³ Ibid

27. (PROMISE #27) Apprehend the bulk of kidnapping syndicates before the year is over.

Accomplishment

In 2001, out of the 223 targeted KFR personalities, 134 were identified and 116 or 87% were neutralized (arrested). As of May 2002, another 127 KFR personalities were identified of which 78 or 61% were neutralized. Of the 27 unsolved cases, four (4) were solved this year. Moreover, of the seven (7) live cases, charges were filed against the kidnappers in court. Three (3) were resolved after police operatives successfully rescued the victims. The successful operations effectively reduced the number of live cases to four (4).

As of May 22, 2002, 28 KFR cases have been reported to the police, of which 16 were already considered solved for a 57% solution efficiency rate. Twelve (12) cases are currently being monitored/undergoing police surveillance. Three (30%) of the cases are live. Despite PNP's comprehensive approach to address the kidnap-for-ransom (KFR) problem with only a month before the President's next SONA, it is not safe to conclude that the PNP has apprehended the bulk of kidnapping syndicates as promised.

The PNP has taken a comprehensive approach to address the kidnap-for-ransom (KFR) problem. The program includes the following, to wit:

1. Identification of KFR groups;
2. Payment of monetary rewards;
3. Training of anti-KFR action teams;
4. Liaison work among various government agencies and anti-KFR groups;
5. Community-based education and information campaigns against KFR groups; and,
6. Acquisition of modern equipment for use during anti-KFR operations.

To thoroughly prepare police operatives, three anti-KFR courses were conducted in the early part of 2002.

In 2001, the PNP conducted 37 dialogues with concerned government agencies (GAs) and anti-KFR groups as well as 28 seminars on Crime Prevention. So far in 2002, 27 seminars attended by 6,321 participants have been conducted.

To support its anti-KFR activities, the PNP has acquired modern equipment worth P70 million, P26 million of these for investigation activities and P44 million for intelligence activities.

28. (PROMISE #28) Add several billions of pesos for the AFP Modernization Program

Background

RA 7898, otherwise known as the "AFP Modernization Act", was enacted into law in 1995. As a State policy, RA 7898 vowed, "modernize the AFP to a level where it can fully and effectively perform its constitutional mandate to uphold the sovereignty and preserve the patrimony of the Republic of the Philippines". (Emphasis supplied)

Thus, the law focused on five (5) principal thrust and directions, to wit:

1. Development of a self-reliant and credible Philippine armed force;
2. Undertake reforms in the recruitment, training, employment and management of AFP Personnel;
3. Development of AFP Doctrines;
4. Acquisition and upgrading of appropriate technology and equipment; and relocation, improvement and construction of bases and facilities.

Defining the Target

Moreover, Joint Resolution (JR) No. 28 signed in December 19, 1996 approved the 15-year AFP Modernization Program. The joint resolution authorized the appropriation of P164 billion for Sub-Program 1 and another P167 billion for Sub-Program 2. A total of P50 billion was appropriated for the implementation of the first five-year period of the modernization program.

In particular, Section 11 of RA 7898 provides for the creation of a Trust Fund to be sourced from the following:

1. Appropriations from Congress;
2. Proceeds from the sale, lease or joint development of military reservations not covered by the Bases Conversion Development Authority (BCDA);
3. Shares of the AFP from the proceeds of the sale of military camps provided for under RA 7227;
4. Proceeds from the sale of the products of the government arsenal;
5. Proceeds from the disposal or excess and/or uneconomically repairable equipment and other movable assets of the AFP and the government arsenal;
6. Funds from budgetary surplus, if any, as may be authorized by Congress; and,
7. All interest income of the trust fund.

In her July 2001 SONA, the President herself committed to add several more billions to the AFP's modernization program.

Accomplishments

Problems encountered. Seven years after its passage, the AFP Modernization Act remains substantially unimplemented and, worse, unfunded. Among the reasons cited were the following, to wit:

1. **Delayed funding.** Congress did not appropriate funds for the period 1997–2001. Likewise, while the Bases Conversion Development Authority (BCDA) fund was remitted to the Bureau of Treasury in 1995, only P5.4 billion was released to the AFP in 2000. It was not clear whether that amount was indeed utilized to fund the implementation of the modernization program.
2. **1997 "Asian Financial Crisis".** The devaluation of the peso against the US dollar has put into question the affordability and sustainability of the AFP's modernization program. Likewise, the crisis worsened the economic situation in the country with the result that Congress failed to appropriate funds for the program.

3. **1998 suspension of the program.** In 1998, then Pres. Joseph Ejercito Estrada directed the military to review the modernization program in light of the economic crisis and ordered an indefinite suspension of its implementation.
4. **Passage of RA 8551 and the worsening economic situation.** The resurgence of the insurgency in the latter part of 1997 resulted in the passage of RA 8551. To counter the insurgency threat, the new law transferred the responsibility of internal security operations (ISO) from the PNP back to the AFP. This put to naught the planning assumptions used in JR 28. Thus, ISO-related projects were front-loaded and external defense priorities were sidelined.
5. **Weakness in the AFP/DND Procurement Organization.** The AFP organizational structure is multi-layered, with a number of personnel having unclear functions. Lack of expertise in the procurement trade plus competing priorities among major services hampered the system.
6. **Changes in procurement rules and procedures.** The AFP experienced frequent changes in procurement rules and procedures, confusing the project implementers.

Consequently, in the field of battle the defense department will never admit to it. But government's indecisiveness to fund and implement the AFP Modernization Act has, to a certain extent, affected the military's effectiveness in ISO operations as manifested in its failure to eliminate the Abu Sayyaf in one year.

To correct these, the AFP has identified six (6) issues and concerns that must be addressed to ensure that the program is properly implemented. Recommendations put forward to address the issues are, to wit:

Restrictive provisions of RA 7898 and JR 28. These are the cumbersome procurement process, complex acquisition structure, and inflexible program due to fixed funding and time frame. RA 7898 should be reviewed and amended to include the following:

1. Establishment of a separate procedure for the acquisition of defense equipment and services.
2. Provide a new scheme for the allocation of the modernization budget to the AFP not based on a fixed aggregate amount of P164 billion but as a percentage of the country's Gross Domestic Product/Gross National Product (GDP/GNP);
3. Make the AFP Modernization Program a continuing program until the identified projects are completed and desired capabilities developed;
4. Include a provision that the AFP trust fund be exempted from the provisions of EO 338 (one fund concept).

Absence of procurement law peculiar to defense acquisition and frequent changes in procurement rules. Currently, existing government procurement laws are based on EO 262, which the AFP believes is ineffective and inapplicable in defense acquisition. The AFP is recommending the enactment of a law or issuance of an executive order exclusively governing the acquisition of defense equipment and services.

Non-Passage of HB 9960 (Amendment to BCDA Law) and HB 11832, which seeks to provide additional funds for the AFP Trust Fund. The absence of a law has restricted AFP to dispose and/or develop its underutilized military camps and reservations. The AFP is recommending the creation of an AFP Real Estate Development Authority that will oversee the disposal of

underutilized AFP real estate properties that could provide additional funds needed for program implementation.

Conflicting legal interpretations as to the depository of the AFP Modernization Act Trust Fund. While the fund is supposed to be for the use of the AFP modernization program, effectively, the trust fund is with the Bureau of Treasury. Its availability is hinged only upon the authorization of the DBM. This has negated the congressional intent of RA 7898. The law should be properly enforced and the trust fund administered by the Secretary of National Defense.

Uncertainty of inclusion in the annual appropriation. Congress should appropriate the AFP modernization program with a budget based on a percentage of the official GDP/GNP. This will not only ensure its automatic annual appropriation. It will also address concerns regarding the peso devaluation and its impact on the affordability of the program.

J. ANTI-POVERTY

29. (PROMISE #29) Provide P500 Million from the OPEC Fund for community projects in war-torn Mindanao

Defining the Target

Per the President's SONA commitment, the P500 million to be sourced from the OPEC¹ Fund will be used for community projects in strife-torn areas of Mindanao. In particular, the community projects will be implemented in areas under the Southern Mindanao Zone of Peace and Development (SZOPAD) comprising 15 provinces and cities. (Please refer to **Table 40** for list.)

Provinces	Cities
1. Basilan	1. Cotabato
2. Davao del Sur	2. Dapitan
3. Lanao del Norte	3. Digos
4. Lanao del Sur	4. Dipolog
5. Maguindanao	5. General Santos
6. North Cotabato	6. Iligan
7. Palawan	7. Isabela
8. Sarangani	8. Kidapawan
9. South Cotabato	9. Koronadal
10. Sultan Kudarat	10. Marawi
11. Sulu	11. Pagadian
12. Tawi-Tawi	12. Puerto Princesa
13. Zamboanga del Norte	13. Tacurong
14. Zamboanga del Sur	14. Zamboanga
15. Zamboanga Sibuyan	

The INTERACT-MINDANAO, a non-government organization based in Mindanao, was tasked as the lead agency to implement the community projects in the SZOPAD areas. The P500 million fund will be utilized using a two-pronged approach, to wit:

1. Increase long-term access of target communities to basic social and economic infrastructures and services; and,
2. Build the capabilities of target beneficiaries and key stakeholders in sustaining community projects and promote peace development.

Accomplishments

The INTERACT-MINDANAO scheduled consultations with the Moro National Liberation Front (MNLF) and the local LGUs to determine which projects are to be implemented in selected priority sites. (Please refer to **Table 41** for fund status.)

¹ OPEC or Organization of Petroleum Exporting Countries

Table 41
Status of P500 Million Fund

Funds Available	Total	Sub-Projects	Equipment	Administrative Costs
OPEC Funds	500,000,000	404,526,000	9,750,000	85,724,000
GOP Counterpart	33,000,000	22,474,400	3,255,000	7,276,000
Total	533,000,000	427,000,000	13,000,000	93,000,000
Approved Budget				
CY 2001	35,978,167	16,282,681	2,272,390	17,423,096
CY 2002	127,500,000	82,159,000	2,550,000	42,791,000
Total	163,478,167	98,441,681	4,822,390	60,214,096
Balance	369,521,833	328,558,319	8,177,610	32,785,904
Commitment Approved but Unawarded	188,306,646	188,306,646		
Awarded projects	98,440,000	98,440,000		
Institutional Support	32,314,337		101,200	32,213,137
Total	319,060,983	286,746,646	101,200	32,213,137

As of April 30, 2002.

As of April 30, 2002, the Department of Budget and Management (DBM) already released P163 million for the SZOPAD social fund. Of that amount, P98 million was earmarked for projects in conflict areas in Mindanao.

SZOPAD actually requested the release of P328.6 million for its subprojects, as it has already approved P188 million. The DBM, however, advised SZOPAD it can only release one half or P164 million. The promised fund of P164 million, however, will only be released within the month of June 2002.

The delays in the release of SZOPAD's additional funds for approved projects have already affected its capacity to accomplish the President's SONA commitment. So far, only P98 million had been released. The amount was less than 20% of the SONA committed amount of P500 M.

30. (PROMISE #30) Make microfinance a cornerstone in poverty alleviation and increase women micro-credit borrowers by 300,000 every year.

Background

Micro-lending programs have long been the approach utilized by the government to reach out to the entrepreneurial poor, especially those in the urban areas. At that time, it was thought, however, that to ensure the success of their business, government must provide easy credit at subsidized rates.

The results were mixed. Some were successful while some were failures.

What was evident, however, was that the program was not sustainable. The lending institution was spending more to evaluate and monitor the projects than its income from the interest and other fees. Operating a micro lending program is very expensive because of the high personnel cost involved in the evaluation and monitoring of a project vis-à-vis the amount of loan involved. This is in fact one of the reasons why banks do not want to go into micro lending.

Second, it was about this time that the "Bombay" credit system was making its rounds in the various public markets all over the country. Despite the fact the "Bombay" charged very high interest rates (as much as 120% per annum), the repayment rate was very high, primarily because the amortization schedule was designed based on the cash flow.

Hence, trading businesses (such as "sari-sari stores", etc.) paid weekly or even daily! When asked why they patronized the "Bombay" despite the very high interest rate, they answered that it is okay, they hardly feel it because of the easy repayment schedule. Apparently, the issue in microfinance is not the cost of financing but repayment schedule.

Studying the experience of the Grameen Bank in Pakistan and taking into account the peculiarities in the Philippine market, practitioners in microfinance redesigned their programs. Credit was made more accessible to the poor, while ensuring the program's financial sustainability.

In general, a microfinance program has the following features available to the applicant:

1. Must be a member of an organization;
2. Wants to go into a livelihood program;
3. Can loan any amount from P3,000 to P150,000;
4. Pay minimum interest rate of 24% per annum;
5. No collateral required; and'
6. Easy repayment schedule (daily, weekly or monthly), depending on the cash flow.

Defining the Target

In her SONA, the President promised to make microfinance a cornerstone in the Arroyo Administration's poverty alleviation efforts. She likewise committed to increase women-credit borrowers by 300,000 every year.

Accomplishments

Hence, along this line, the implementing rules and regulations (IRRs) setting up the People's Development Trust Fund (PDTF) as stipulated in RA 8425 was formulated. The PDTF was tasked to assist in building the capacities of the microfinance institutions.

Likewise, three (3) guidelines governing the handling of microfinance in the banking sector were issued, namely:

1. BSP Circular No. 272 provided for guidelines in the implementation of the microfinance provisions of the General Banking Law. Issued in January 2001, the BSP defines "**microfinance**" as the "provision of a broad range of financial services such as deposits, loans, payment services, money transfers and insurance products to the poor and low-income households, for their micro-enterprises and small businesses, to enable them to raise their income levels and improve their living standards." Circular 272 has four (4) important provisions.
 - a) First, it states that "microfinance loans may be amortized on a daily, weekly, bi-monthly or monthly basis, depending on the cash conditions of the borrowers." This provision made it

easier for borrowers to pay their loans. It mimics the very popular “Bombay” system of credit prevalent in the public markets where stall vendors may borrow money and pay these daily, in the process making it very easy for them to come up with amortization payments.

- b) Second, it states that the “interest rate shall not be lower than the prevailing market rates to enable the lending institution to recover the financial and operational costs incidental to this type of microfinance lending.” This provision sends a clear message that government does not believe it has to provide low or subsidized rates to micro-enterprises. For micro-lending to be sustainable, the agency must generate enough income to pay for its operating costs. This also reinforces the belief that the issue in microfinance is not the cost of financing, but rather the affordability of the repayment scheme.
 - c) Third, it states that “a bank may not require from its credit applicants, a statement of assets and liabilities, and of their income and expenditures and such information as may be prescribed by law or by rules and regulations of the Monetary Board...” This is in recognition of the fact that micro-enterprises are often very informal businesses and do not have audited financial statements, unlike big businesses.
 - d) Fourth, it encourages lending banks to determine the loan amount based on the borrowers need and cash flows, rather than the value of the collateral. This is to encourage banks not to give primary consideration on the collateral but on the viability of the business under consideration.
2. BSP Circular No. 273 partially lifted the general moratorium on the licensing of new thrift and rural banks to allow the entry of microfinance-oriented banks. Earlier, in response to the 1997 economic crisis that hit Asia and affected the local banking industry, the BSP issued a moratorium on the licensing of new banks/branches. Instead, it encouraged local banks (especially those in trouble) to merge and consolidate their resources to strengthen their financial position. This paved the way for the merger of a number of big banks, among them Far East Bank and Bank of the Philippine Islands (BPI), and of PCIBank and Equitable Bank. Since the issuance of BSP 273, two microfinance banks, namely Opportunity Microfinance Bank and Microenterprise Bank, have been established.
 3. BSP Circular No. 282 provided guidelines for the rediscounting facility to provide liquidity assistance to support microfinance programs. So far, P38.505 million in rediscounting loans for microfinance have been released to one microfinance-oriented bank. Applications for six (6) others are being evaluated.

There are six (6) government agencies currently implementing micro lending to low-income groups. These are, to wit:

1. People’s Credit and Finance Corporation (PCFC);
2. National Livelihood Support Fund (NLSF);
3. Technology and Livelihood Resource Center (TLRC);
4. Small Business Guarantee and Financing Corporation (SBGFC);
5. Development Bank of the Philippines (DBP); and,
6. Bangko Sentral ng Pilipinas (BSP).

These six agencies provide credit to organized groups, sometimes in coordination with non-government organizations (NGOs) that handle the organizing aspect. Credit is made available to all sectors.

As of March 30, 2002, the six (6) agencies provided credit to 248,159 women-borrowers for an accomplishment rate of just 82.72%. With three more months to go before the next SONA, the microfinance group appears to be on track to meet the target.

The total loans made available to the 248,159 women-borrowers were valued at P541.04 million. Repayment rates differed but were generally over 95%. Except for the NLSF, the size of loans released by government financial institutions (GFIs) were all P25,000 or lower.

The biggest among the microfinance group (in terms of loan portfolio and beneficiaries) is the People's Credit and Finance Corporation (PCFC). Together with its conduits and affiliates (partner NGOs), PCFC provided loans to 231,765 women-borrowers, which accounted for 77% of the SONA target of 300,000. PCFC has a total loan portfolio of P1.462 billion. One of the major sources of its fund is the US\$34.7 million fund from the Asian Development Bank (ADB). Implemented in partnership with the LBP, PCFC lends the fund to its conduits at 12% plus 1% processing fee. In return, its conduits lend these to its clients at no less than 24% per annum. PCFC is currently in the process of negotiating for Phase 2 of the program.

PCFC has around 293 conduits all over the country of which 279 are active. These conduits are composed of cooperatives, NGOs and other civic organizations involved in organizing people's organizations (POs) among the poor. This has enabled PCFC to reach a wider area, serving 73 out of a total of 79 provinces.

As of January 31, 2002, PCFC reported a very high collection rate of 98.7%. The PCFC's high performance only proved that if a credit program for the poor is designed appropriately, the poor generally labeled as "unbankable" can and will pay.

PCFC's potential creditors are organized into groups of five (5). Each member of the group is responsible to the group to which it belongs. Failure of one member to meet the repayment schedule will adversely affect the whole group's performance. Hence, it is to the interest of each member to ensure that other members of the group pay their loans regularly.

The average loan size per person is P6,000, paying daily, weekly or every two weeks, depending on the cash flow. No collateral is required, just a promissory note. The loan is usually fully paid after three to six months. Members can borrow up to five (5) times, with a maximum of P25,000 per person. Thereafter, they are deemed "graduates" and later recommended to other micro finance programs with bigger loan packages such as the TLRC and NLSF.

Based on the very high repayment rates of their borrowers, microfinance appears to be making a headway in addressing the financial requirements of small entrepreneurs. Despite the 24 to 36% interest rates charged them, micro borrowers record a high repayment rate of over 95%.

Agency	Size of Loan	Overall Target (July 2001 - June 2002)	Cumulative Baseline Figure (As of March 30, 2002)			% to Target
			# of Women Borrowers	Releases (P'mn)	Outstanding Portfolio (P'mn)	
PCFC*	25,000 & below	300,000	199,052	469.71	1,462.70	66.35%

	25,001 to 150,000	-	-	-	-	0.00%
	Sub-total	300,000	199,052	469.71	1,462.70	66.35%
DBP*	25,000 & below	-	-	-	-	0.00%
	25,001 to 150,000	-	2,715	4.50	-	0.00%
	Sub-total	-	2,715	4.50	-	0.00%
BSP*	25,000 & below	-	3,967	18.34	18.30	0.00%
	25,001 to 150,000	-	588	20.16	20.20	0.00%
	Sub-total	-	4,555	38.50	38.50	0.00%
NLSF*	25,000 & below	26,720	1,480	21.23	43.90	5.54%
	25,001 to 150,000	6,480	111	4.75	4.50	1.71%
	Sub-total	33,200	1,591	25.98	48.40	4.79%
TLRC*	25,000 & below	4,437	3,600	0.79	-	81.14%
	25,001 to 150,000	-	-	-	-	0.00%
	Sub-total	4,437	3,600	0.79	-	81.14%
SBGFC*	25,000 & below	4,000	78	1.23	-	1.95%
	25,001 to 150,000	-	9	0.34	-	0.00%
	Sub-total	4,000	87	1.57	-	2.18%
Sub-total	25,000 & below	335,157	208,177	511.30	1,524.90	62.11%
	25,001 to 150,000	6,480	3,423	29.75	24.70	52.82%
TOTAL		341,637	211,600	541.05	1,549.60	61.94%
Plus: PCFC						
Conduits**			3,739			
Affiliates**			32,820			
GRANT TOTAL		300,000	248,159			82.72%

* PCFC - People's Credit & Finance Corporation DBP - Development Bank of the Philippines BSP - Bangko Sentral ng Pilipinas NLSF - National Livelihood Support Fund TLRC - Technology & Livelihood Resource Center SBGFC - Small Business Guarantee & Finance Corporation
** PCFC Conduits/Affiliates are NGOs working with PCFC in the implementation of micro lending programs.
As of March 2002

30. (PROMISE #30) Set-up a Provident Fund for Overseas Filipino Workers

Accomplishment

Pursuant to the SONA directive, the Overseas Workers Welfare Administration (OWWA) conducted comparative studies on existing provident funds being offered by both the private and public sectors. Moreover, the OWWA conducted a survey among Overseas Filipino Workers (OFWs) to determine how much they can afford to regularly contribute to the fund.

As envisioned, the OFWs will contribute to the fund managed by OWWA.

Committee on Oversight Members, however, were concerned the OWWA scheme may not benefit the OFWs at all if they will be required to contribute to the fund. Oversight Members considered the possibility of mandatory contributions an additional burden to OFWs since their take home pay will be further reduced.

Oversight Members instead proposed that the OFWs' provident fund to be set up should not be mandatory in nature. Instead, it will be voluntary in recognition of the OFWs' contribution to the Philippine economy.

Government can source the initial fund through creative means. The Committee on Oversight Chair Hon. Joey Sarte Salceda suggested, for instance, that the OWWA can study the tax credits being enjoyed by recruiters for purposes of the proposed provident fund.

Presently, recruiters are not taxed the 10% VAT for the fees they collect from OFWs. Hon. Salceda recommended that Philippine Overseas Employment Administration (POEA), OWWA, Department of Labor and Employment (DOLE) discuss the possibility of collecting VAT from the recruiters, which shall form the initial seed fund for the proposed Provident Fund for OFWs.

Several House members supported the idea and expressed willingness to file a bill for the purpose. Hon. Roseller Barinaga, Committee on Labor Chair, also recommended the possibility of coming out with floating bonds similar to the PEACE Bonds. The income from the bonds can then be used as the initial fund for the proposed provident fund.

31. (PROMISE #31) Provide emergency employment to 20,000 out-of-school youths (OSYs)

Defining the Target

In her SONA, the President pledged that her government will address the unemployment problem among the urban youth through an emergency employment program whereby every year, 20,000 out-of-work, out-of-school youth shall be given short-term employment.

Accomplishment

In compliance with the SONA promise, the Department of Interior and Local Government (DILG) launched the Kalinga sa Kabataan Program for the 20,000 Out-of-School/Out-of-Work in Metro Manila. The first batch (10,000 OSY/OWY) were provided eight-hour jobs for 18 weeks (July to December 2001), with a budget of P28 million. This was implemented in cooperation with the local government units in Metro Manila.

The second batch will be implemented during the first half of this year. As of June 18, 2002, the DILG has processed the application of 8,200 OSY/OWYs. Recruitment for the balance of 1,200 OSY/OWSs is on going. All 10,000 are expected to start July 9, 2002, should the budget (P25 M) for the program be released by DBM.

Under the program, the OSY/OWYs hired are paid a minimum wage of P250 per day for an average period of 10 days. The employment period is spread over a six-month period. On the average, each hiree works for about one (1) day per week. Some of the jobs undertaken were cleaning of drainage, painting of street fences/walls, etc. The budget for this program was taken from the Office of the President.

Table 43			
List of Beneficiaries under the Emergency Employment Program			
LGUs	Phase 1 Beneficiaries	Phase 2 Beneficiaries	Total Beneficiaries
Caloocan	2,700	1,000	3,700
Manila	1,500	1,500	3,000
Makati City	1,500	-	1,500
Quezon City	1,200	1,750	2,950
Marikina City	750	500	1,250
Pasay City	600	1,250	1,850
Mandaluyong City	250	250	500
Pasig City	250	500	750
Taguig	750	-	750
Navotas	500	250	750
Malabon	-	250	250
Valenzuela	-	1,250	1,250
Muntinlupa	-	250	250
Las Pinas	-	250	250
Paranaque	-	750	750
Pateros	-	250	250
Total	10,000	10,000	20,000

Should the budget be released on time, the DILG will have complied with the SONA commitment to provide emergency employment to 20,000 OSY/OWY. At this point, however, accomplishment rate is only 50%.

Given the average employment period of only 10 days spread over a 6-month period, this emergency program is not expected to have any impact on the household incomes of the poor. The President's promise to address poverty/joblessness by providing emergency employment

appears to be more of a political move, rather than a genuine effort to uplift household incomes. The total budget of P53 million (P28 million for the first batch and P25 million for the second batch) could have been better spent for other more meaningful programs that are more sustainable and have real impact.

In addition to the Kalingan sa Kabataan Program, the DILG launched last February 2002 the GMA Project Out-of-School Youth Service Towards Economic Recovery (OYSTER). Under the program, OSY shall be given emergency employment/trainings, in coordination with the PNP regional offices as part of the PNP civilian relations program. Budget for the program is taken from the PNP. As of June 18, 2002, the OYSTER program has been implemented in 4 PNP regional offices, although the target is nationwide in scope.

As of June 18, 2002, 879 OSYs were given employment assistance, 2,314 given trainings on livelihood skills enhancement and moral value formation and 561 given other assistance.

Program	Beneficiaries
Employment Assistance	879
Trainings	2,314
Others	561
PNP Regional Office (PRO)	
PRO 3	1,498
PRO 4	372
PRO CAR	600
NCR PO	1,884
Total	3,754
Source: DILG SONA Report, as of June 18, 2002	

K. EDUCATION

Background

The Congressional Commission on Education (EDCOM), in its landmark 1992 report, called for the trifocalization in the management of the Philippine Educational System.¹ Hence, following the recommendation, Congress passed RA 7722 and RA 7796 that created the Commission on higher Education (CHED) and Technical Education and Skills Development Authority (TESDA), respectively.

With the passage of RA 9155, the Department of Education, Culture and Sports (DECS) was renamed Department of Education (DepEd) and the areas of culture and sports excluded from its mandate. A restructured DepEd was formalized whose re-focused mandate to basic education covered elementary, secondary and non-formal education. TESDA was tasked to administer post-secondary and middle level manpower training and development. CHED's responsibility covered higher education.

DepEd's reorganization provided the impetus for a better implementation of the constitutional provision mandating government to "establish a system of free public education in the elementary and higher education levels." However, following the 1997/1998 Asian financial crisis, private schools experienced a reversal in enrolment in both the elementary and secondary levels. Reeling from its effects, more parents transferred their children from private schools to public schools as a way of coping with the difficult times.

As a result, the crisis greatly affected the DepEd's capacity to ensure access to and improve the quality of education in recent years. The sudden surge in the number of schoolchildren greatly constrained the already strained resources of the department. And in the later years, this had serious implications in the education sector's quality of teaching and the learning process.

Among the DepEd's services that were adversely affected were, to wit:

1. Shortage of school teachers;
2. Chronic lack of textbooks for use of schoolchildren; and,
3. Inadequate classrooms.

By CY 2000, the DepEd has raised alarm signals that the shortage of teachers has dangerously climbed to more than 19,000.² The shortage of teachers unnecessarily compromised the DepEd's mandate to provide free but quality elementary and secondary education to the country's millions of schoolchildren. The department could not just cope with the average annual increase of 2.8% in enrollment in both levels.³ A government study noted that:

"(There is a)...wide disparity between average class sizes and average student/teacher ratios in public elementary and secondary schools."

"The teacher-student ratio is most affected by the rapid increase in enrollment and the inefficient deployment of teachers."⁴

Instances of teachers handling big classes beyond their normal class sizes were not uncommon. In fact, the education department was even forced to allow teachers to handle multiple teaching loads just so it can cope with the increasing number of schoolchildren.

¹ Congressional Commission on Education (EDCOM), " *Making Education Work: An Agenda for Reform*" published by Congress of the Philippines. 1992. Q.C.

² "DECS Fact Sheet" (dated as of August 3, 2000) in " *Briefing Materials: DECS Budget for FY 2001*" submitted by the Department of Education, Culture and Sports during the August 2000 deliberations on the government's Year 2001 Budget of the Committee on Appropriations, House of Representatives.

³ Presidential Commission on Educational Reform, " *Philippine Agenda for Educational Reform: The PCER Report*" (hereinafter " *The PCER Report*," April 2000: p. 126

⁴ " *The PCER Report*", p. 126

The increase in enrolment has likewise affected the number of textbooks available to schoolchildren. A government commissioned study noted that:

"There is likewise an evident shortage of quality textbooks and instructional materials. More often than not, about 4-6 pupils share one textbook."⁵

Consequently, there arose the immediate need to build more classrooms owing to the rapid annual increase of enrollment in both levels.

34. (PROMISE #34) Provide budget of P1.5 billion to hire more teachers.

Defining the Target

Aware of the problems facing the education department, the President in her SONA committed to provide a budget of P1.5 billion to hire more schoolteachers.

Accomplishments

For CY 2002, the President's commitment was finally fulfilled when Congress approved a total of P1.98 billion to enable the education department to hire more teachers.⁶ The approved budget was P480 million more than the President's committed amount of P1.5 billion for an accomplishment rate of 132%. The approved budget should be sufficient to enable the DepEd to create 20,000 new teacher positions in public schools for the school year 2002-2003.

To date, the DepEd has technically complied with the SONA commitment. Per its submissions to the Committee on Oversight, nationwide implementation of the commitment has been ongoing since January 2002.

Beyond its approved budget, however, DepEd's success or failure depends on how fast 20,000 new teachers were hired and deployed in school sites where they are most needed nationwide. This should be the subject of a continuous monitoring, evaluation and assessment by the President as she delivers her next SONA come July 2002.

Assuming the number of new public school teachers was sufficient to close the gap between the student/teacher ratio, the President's next focus should be the implementation of a wide-ranging and intensive teacher development program to ensure quality education in the learning process.

35. (PROMISE #35) Construct a school building in every barangay by 2004

Defining the Target

Following the President's SONA commitment, the DepEd was tasked to undertake the identification and construction of school classrooms to make up for the increasing shortfall in school buildings. Per report of DepEd to Congress in September 2001, there were 10,000 barangays without elementary school buildings.⁷ Of this number, 4,569 barangays are capable of supporting a school while 5,439 barangays cannot support one. Furthermore, these have been pruned down to only 1,612 barangays without schools and can support one but are not being currently serviced by an existing school (particularly in poblacion barangays).

⁵ "The PCER Report", p. 109

⁶ Hearing on the SONA 2001 Targets of the Committee on Oversight held on February 27, 2002 at the Conference room 5, Ramon V. Mitra Building, House of Representatives, Quezon City

⁷ "Briefing Materials: 2002 Budget Hearing" submitted by the Department of Education (DepEd) during August-October 2001 deliberations on the government's Year 2001 Budget of the Committee on Appropriations, House of Representatives. September 2001, p. 14

The Presidential Management Staff (PMS) SONA Monitoring Office proposes a redefinition of the target from “a schoolbuilding in every barangay”⁸ to “all barangays should be serviced by an elementary school by CY 2004”. We find this qualification logical in justifying an adjustment or modification of the target. Thus, the Committee on Oversight will monitor only the 1,612. And for ease of target setting, we divided this into three (3) (i.e. 3 years between SONA and 2004).

However, we warn the administration that while the Committee can tolerate the 1,612, the Executive cannot escape public criticism banking on a literal reading of the President’s pronouncements that would have called for a sweeping coverage of all 10,000 remaining school-less barangays. Such pronouncement certainly caught the fascination of the people whose enthusiasm would now have to melt on the vastly reduced target due to the qualifications employed, conveniently or otherwise.

The DepEd defines a schoolbuilding unit as two-classrooms. The operationalization of the promise should have not been limited to the construction of the school buildings. The accompanying school “accessories” like teachers, desks, armchairs, textbooks and projected annual increase in enrolment should have likewise been considered. Thus, the budget required for each two-room school building pegged at P700,000 (as per DPWH budget) could still go up to P1 million.

Accomplishments

Given this interpretation, the Department of Education (DepEd) identified 1,612 barangays all over the country without elementary schools.⁹ DepEd will ensure all of these barangays will have a school building constructed by 2004. Hence, the DPWH, the DepEd and DILG have been assigned the following responsibilities relative to the SONA target, to wit:

1. DPWH, as lead agency, will oversee and coordinate with DepEd and DILG the implementation of the program in non-rebel affected barangays totaling 1,349 school sites; and,
2. AFP (Engineering Brigade) will implement the actual construction of school buildings in 263 rebel-affected barangays.

As of June 19, 2002, 549 have already been identified and are at varying stages of implementation. This is 101% of the 539, i.e. 1,612 divided by 3 years suggesting technical compliance to the commitment. However, based on agency feedback, the 549 are at an average 40% completion rate lifted mainly by DepEd’s claimed completion of its assigned 46 units. Table below shows the actual target per agency versus the status of completion.

Table 45 STATUS OF THE 539 SCHOOL BUILDINGS			
AGENCY	TARGET	STATUS OF COMPLETION	% Accomplishment
DPWH	283	155	54.77%
DepEd TEEP	46	46	100.00%
AFP-PA	220	6	2.73 %
TOTAL	549	207	37.70%

As far as the DPWH is concerned, the 283 units are at varying stages of bidding. Their biggest problem is the non release of the Notice of Cash Allocation (NCA), which slows down the work since some of their contractors stop work when there are delays in the release of funds.

⁸Hearing on the SONA 2001 Targets of the Committee on Oversight held on February 27, 2002 at the Conference room 5, Ramon V. Mitra Building, House of Representatives, Quezon City

⁹Presidential Management Staff, “SONA Targets” presented during hearing on the SONA 2001 Targets of the Committee on Oversight held on February 27, 2002 at the Conference room 5, Ramon V. Mitra Building, House of Representatives, Quezon City

With respect to the AFP-PA, the Presidential Management Staff (PMS) committed to release P55 million from the Presidential Social Fund (PSF) to fund construction of school buildings by the AFP-PA in 263 rebel-affected barangays. However, per report from Department of Public Works and Highways, PMS recently released only 70 % of the P 55 M Presidential Social Fund for the construction of the 220 buildings assigned to the AFP as earlier committed. As of June 27, 2002, sixty nine (69) of their projects have not been started and only six (6) have been completed so far. The AFP is now doubling its effort to construct the required target on or before the next SONA. Table 39 and Table 40 show the accomplishment status of the school building undertaken by DPWH and AFP, respectively. The DepEd appears to have completed the 46 funded by OSEC discretionary funds.

DPWH is building 155 school buildings for barangays without schools but already has access to nearby schools. Another 129 are being built in barangays without schools but cannot support one. But these are not being considered as part of the accomplishment.

The government had to scrounge around to finance the presidential commitment. For one, the initial funding source identified by DepEd to fund the construction of school buildings appeared to have overlapped with the district-based budget allotted for the same purpose. Unless a dedicated fund (outside of the congressional school building budget) is created, the Chair expressed concern the DepEd might just encounter practical difficulties later on in the implementation of the project.

Moreover, Committee on Oversight Members has questioned DepEd's system of identification of unserved barangays. Members, who are often flooded with requests for additional school buildings in their respective congressional districts, have not been consulted at all.

Likewise, the DepEd should not consider the physical absence of a school building as the sole criteria for its construction in a barangay. DepEd should take into account the number of students to the size of the classroom. Some schools in urban areas like Antipolo and Marikina Cities, for instance, have too many students occupying a classroom. DepEd is well advised to reconsider the process it has used to date in fulfilling this promise and involve the people in the identification of beneficiaries.

Finally, the Committee on Oversight suggests the immediate release of the P1 Billion dedicated fund for the construction of school buildings to meet the target, given the inherent difficulty of implementation, particularly in far flung barangays.

REGION	TOTAL	NUMBER OF PROJECT				% ACCOMPLISHED	
		Within 1,612	Outside 1,612	Started	UnStarted		Completed
I	18	18	0	18	0	0	17.77
II	16	16	0	7	9	0	6.34
III	5	5	0	3	1	1	56.00
IV-A	12	12	0	11	0	1	28.43
IV-B	6	6	0	4	2	0	15.13
V	19	14	5	12	6	1	35.72
VI	11	10	1	11	0	0	61.13
VII	12	12	0	9	0	3	82.50
VIII	34	34	0	21	13	0	36.31
IX	30	30	0	21	9	0	29.80

X	11	11	0	7	4	0	22.27
XI							
XII	20	20	0	12	8	0	25.71
XIII	9	8	1	0	9	0	0.00
CAR	17	17	0	9	8	0	13.23
TOTAL	220	213	7	145	69	6	29.94
Source: Department of Public Works & Highways As of: June 27, 2002							

REGION	TOTAL	NUMBER OF PROJECT				% ACCOMPLISHED	
		Within 1,612	Outside 1,612	Started	UnStarted		Completed
I	13	5	8	13	0	3	88.38
II	27	9	18	27	0	14	93.11
III	27	10	17	27	0	14	90.52
IV-A	33	23	10	33	0	31	99.09
IV-B	17	3	14	17	0	17	100.00
V	29	12	17	29	0	16	91.72
VI	13	4	9	13	0	4	87.31
VII	16	16	0	16	0	10	92.50
VIII	24	12	12	24	0	6	86.39
IX	18	9	9	18	0	9	95.33
X	35	20	15	35	0	15	91.43
XI	11	0	11	11	0	11	100.00
XII							
XIII	10	3	7	10	0	5	85.76
CAR	10	9	1	10	0	0	78.70
TOTAL	283	135	148	283	0	155	92.86
Source: Department of Public Works & Highways As of: June 27, 2002							

36. (PROMISE #36) Ensure a 1:1 ratio of textbooks for priority subjects to students for Grades 1 to 4 levels and students for 1st & 2nd Year levels

Defining the Target

The President in her SONA committed to ensure a 1:1 textbook ratio for priority subjects to students for Grades 1 to 4 levels and 1st & 2nd Year levels.

Accomplishments

To meet this SONA, the DepEd targeted the delivery of 68.3 million textbooks for the school year period of 2002-2003. At the same time, under the TEEP and SEMP 1999-2000 projects, the delivery of another 9.5 million textbooks should have been completed by this time.

Per reports in February 2002, four delivery batches totaling 58,063,360 million textbooks are expected to be delivered between January to November 2002. Scheduled for delivery are the following textbooks, to wit:

1. Under SEMP ¹⁰ 2000	21,179,520	}13,526,440 7,653,080 }	January-May 2002
			June-September 2002
2. Reorder	11,463,883	-	June-September 2002
3. Under SEDIP ¹¹	1,375,869	-	June-August 2002
4. Under SEMP/TEEP ¹²	24,044,088	-	November 2002

As of June 17, 2002, however, the DepEd¹³ reported only 30,047,323 textbooks have already been delivered to the schools for a mere 65% accomplishment rate.¹⁴ The textbook deliveries were 35% or 16,393,399 textbooks short of the targeted 46,440,722 by DepEd in time for the President’s SONA come July 2002.

The textbook deliveries were made possible through the SEMP, SEDIP and TEEP projects. The textbooks delivered, however, were for priority subjects only.

At the moment, the textbook projects appear fine. However, there could also be slippage since DepEd identified the beneficiaries based on provincial standings (ten most depressed areas as initial target areas). DepEd, as observed by the Committee on Oversight Chair, should have made consultations at the lowest level since there are a lot of depressed and needy barangays located in the urban areas.

Likewise, the number of textbooks scheduled for deliveries within the year apparently failed to estimate the projected annual increase in enrolment. Technically, given this consideration, the DepEd would still be experiencing a shortage for school year 2002-2003 contrary to expectations.

As it is, the DepEd has already encountered numerous difficulties in the schedule of textbook deliveries to schools, to wit:

1. Delayed delivery to some parts due to peace and order problems, e.g. Basilan due to ongoing military operations against the Abu Sayyaf Group;
2. Delayed contracting due to compliance requirements/procurements guidelines of funding institution; and,
3. Joint venture requirement for a transferable/assignable letter of Credit (L/C) prior to printing of books.

Table 48 Teachers/Enrolment In Elementary Schools (1992-2001)										
Year	Teachers					Enrolment				
	Public	%	Private	%	Total	Public	%	Private	%	Total
1992-1993	294,895	93.02	22,117	6.98	317,012	9,901,808	92.8	772,265	7.2	10,674,073
1993-1994	296,506	92.81	22,985	7.19	319,491	9,944,438	92.6	795,097	7.4	10,739,535
1994-1995	298,935	92.43	24,479	7.56	323,414	10,088,499	92.5	822,377	7.5	10,910,876
1995-1996	309,020	92.30	25,802	7.70	334,822	10,646,180	92.5	858,636	7.5	11,504,816

¹⁰ SEMP - Social Expenditure Management Project

¹¹ SEDIP – Secondary Education Development and Improvement Project

¹² TEEP – Third Elementary Education Project

¹³ The Committee on Oversight, in May 2002, requested updated data from DepEd offices monitoring SONA commitments on hiring of new public school teachers, construction of school buildings and delivery of textbooks. DepEd officials and personnel referred to where data was available were, however, generally uncooperative. They eventually complied after more than a month of follow up calls. Data provide, however, were incomplete DepEd figures.

¹⁴ "Executive Summary: Status of Textbooks Targeted to be Delivered under the SONA Commitment by July 22, 2002 (As of June 17, 2002)" prepared by DepEd Project Development Officer III Evelyn C. Abiad.

1996-1997	320,199	92.08	27,527	7.92	347,726	10,959,632	92.5	888,162	7.5	11,847,794
1997-1998	324,169	92.02	28,123	7.98	352,292	11,295,982	92.4	929,056	7.6	12,225,038
1998-1999	328,517	91.43	30,766*	8.56	359,283	11,546,471	92.6	928,415	7.4	12,474,886
1999-2000	329,833	-	- na -		-	11,770,285	92.8	910,651	7.2	12,680,936
2000-2001	331,827	-	- na -		331,827	11,832,611	92.73	927,289	7.2	12,759,900

Note: Computations on percentage of teachers/enrolment in public/private schools were by the author.

Sources:

For school years 1992-1993 to 1999-2000, figures were culled from "DECS Fact Sheet" (dated as of August 3, 2000) in "*Briefing Materials: DECS Budget for FY 2001*" submitted by the Department of Education, Culture and Sports (DECS) during August 2000 deliberations on the government's Year 2001 Budget by the Committee on Appropriations, House of Representatives.

For the Year 2000-2001, figures were culled from "*Briefing Materials: Budget Hearing September 2001*" submitted by the Department of Education (DepEd) during August-October 2001 deliberations on the government's Year 2001 Budget, Committee on Appropriations, House of Representatives.

* "Number of Elementary and secondary Teachers in private Schools by Region" faxed to Committee on Oversight

L. ELECTORAL MODERNIZATION

35. (PROMISE #35) Computerize the electoral process

Background

Under the Philippine Constitution and law, it is the “policy of the State to ensure free, orderly, honest, peaceful and credible elections” and “assure the secrecy, and sanctity of the ballot”.¹ To implement this daunting task, the Commission on Elections (COMELEC) has been mandated as the sole government agency to ensure that elections, plebiscites, referenda and other electoral exercises shall be “fast, accurate and reflective” of the people’s genuine will and their voice correctly heard and given full weight.²

For decades, COMELEC dutifully carried out this mandate through the manual system of election. But times are changing. And cognizant of the changing needs brought about by the technological revolution, Congress empowered the COMELEC to modernize its operations and the conduct of elections, plebiscites, and referenda.

Notwithstanding its lofty mandate, however, the Commission has admitted that:

“**Elections in the Philippines suffer from a bad reputation** and the Commission on Elections is too often blamed for the various shortcomings and fallings of the electoral exercise. However, the criticisms - while admittedly deserved in some cases - generally ignore the fact that the **COMELEC is typically given very little support** in terms of a **flexible legal framework**, and **financial support**, among others. The COMELEC has, in effect, been expected to pursue a program of modernization while remaining in environs quite literally falling apart with age. More simply put, modernization cannot be achieved under such circumstances.” (Emphasis supplied)

Defining the Target

Aware of the current antiquated state of the Philippine electoral system, the President in her SONA committed to modernize the electoral process. Earlier, Congress passed two (2) laws in support of the COMELEC’s needed “**flexible legal framework**” to enable the Commission to effectively achieve its constitutional/legal mandates. These are, to wit:

1. RA 8189 or the Continuing Registration Law; and,
2. RA 8436 authorized the COMELEC to “use an automated election system for the process of voting, counting of votes and canvassing/consolidation of results of the national and local elections” in the Philippine electoral system.³

¹ Section 1 of Republic Act 8436 entitled “ **An Act authorizing the Commission on Elections to use an automated election system in the May 11, 1998 national or local elections and in subsequent national and local electoral exercises, providing funds therefor and for other purposes**”. RA 846 was enacted into law on December 22, 1997.

² Commission on Elections, “**Concept Paper: COMELEC MODERNIZATION**” (hereinafter “**COMELEC MODERNIZATION**”), Intramuros, Manila, Philippines. June 28, 2001. p. 2

³ Section 6 of Republic Act 8436

Deemed by Congress as appropriate and necessary for the Commission to take, these twin laws have set the path of electoral modernization in the country. Under Section 6 of RA 8436, the automated election system should have been in place during the May 11, 1998 elections at the very minimum "for positions of president, vice-president, senators and parties, organizations or coalitions participating under the party-list system."⁴

Yet, the COMELEC failed to meet its deadline thereby effectively rendering RA 8436 one of the so many unimplemented laws to date.

Accomplishments

In the GAA 2002, Congress appropriated a whopping P500 million for the COMELEC's modernization program for a 100% accomplishment rate. For implementation beginning CY 2002, the P500 million allocation covered the electronization and automation of the electoral process.

Understandably, while the released amount is relatively low for the multibillion-peso modernization program, the allocated amount should be sufficient to initially fund the phase 1 of the program. Yet, allocating such a big amount to the COMELEC is not enough.

COMELEC must realize it has not done enough to fulfill its mandate under RA 8436. As a matter of fact, COMELEC's implementation of RA 8436, including its pilot-testing efforts before the law's enactment has not been entirely rosy. During the 1996 Autonomous Region in Muslim Mindanao (ARMM) elections, the COMELEC pilot-tested the automated election system.⁵ Then again during the 1998 national and local elections, COMELEC implemented the automated election system in ARMM pursuant to Section 6 of RA 8436.⁶

Yet, during the recently held May 2001 elections, COMELEC failed to implement the automated election system nationwide as mandated under RA 8436. COMELEC did not even bother to consider a limited automated election version in the ARMM as it had twice done before, blatantly ignoring Section 6 of RA 8436.

With its failure, the COMELEC "re-examined its Modernization and Excellence (MODEX) program" and "shifted... focus in prioritizing the different aspects of the electoral process"⁷ as follows:

1. Registration;
2. Canvassing;
3. Counting; and,
4. Voting.

By its own admission, the Commission "by reason of this prioritizing... instead of preparing to automate the 2001 elections, undertook the following projects"⁸, to wit:

⁴ Section 6 of Republic Act 8436

⁵ Committee on Suffrage and Electoral Reforms, "**LEGISLATIVE BRIEF: On measures seeking to amend the Automated Election System Act and/or to fully implement the law on May 2004**" (hereinafter "**Committee on Suffrage LEGISLATIVE BRIEF**"). Twelfth Congress 2002. p. 1

⁶ "**Committee on Suffrage LEGISLATIVE BRIEF**". p. 1

⁷ Benipayo, Alfredo, Commission on Elections Chairman, "**Status of the COMELEC MODERNIZATION PROGRAM**" (hereinafter "**COMELEC MODERNIZATION PROGRAM**") submitted at the "**National Electoral Reform Summit**" held on April 29-30, 2002 at the Bay View Plaza Hotel, Manila, p. 1

1. National Precinct Mapping and Computerized Voters List Verification, sometime in February 2000;
2. Voter Registration and Identification System VRIS) June 2002; and,
3. Automated Counting and Consolidated of Results System (ACCORS) in October 2002.

To make up for its failings, the COMELEC has come out with a three-year two-pronged "2002-2004 Modernization Agenda"⁹ to cover the following activities, to wit:

1. Priority Activities (Modernization of the Electoral Process)
 - 1.1. NVCL (National Computerized Voters List) Consolidation (per RA 8189)
 - 1.2. Full Automation and Canvassing of Results (per RA 8436)
2. Ancillary Activities
 - 2.1. Construction of COMELEC Central and Field Offices
 - 2.2. Organization Change and Management
 - 2.3. Advocacy and Research

COMELEC justified its need for a new building in the following manner:

"The Modernization Plan of the **Commission calls for high levels of connectivity within the various departments of the Commission itself, and within its field offices**. Only when such connectivity exists will the Commission be able to maximize its resources and function at peak efficiency and effectivity. This can only be done if all the Departments of the Commission are housed in one edifice, and if that building is provided with the features necessary for the extensive day-to-day use of information technology. Without these two conditions *sine qua non*, the modernization of the Commission on Elections will remain an unachievable ideal."¹⁰ (Emphasis supplied)

For now, the President may opt to consider personally monitoring the performance of COMELEC since the next general election is just around the corner or a mere 22 months. Recommended for strict monitoring, evaluation and assessment is COMELEC's fund utilization of the P500 million specifically for CY 2002. This year, COMELEC is scheduled to obtain more than 2,000 computers including other computer-related equipment and 2,000 counting machines under its priority activities.¹¹

⁸ " **COMELEC MODERNIZATION PROGRAM**", p. 2

⁹ Commission on Elections, " **The 2002-2004 MODERNIZATION AGENDA of the COMELEC**" (hereinafter " **COMELEC MODERNIZATION AGENDA**"), p. 1

¹⁰ " **COMELEC MODERNIZATION**", p. 9

¹¹ " **COMELEC MODERNIZATION AGENDA** ", p. 1-2

IV. CONGRESSIONAL CONTRIBUTION

In her State of the Nation Address, the President asked Congress to pass sixteen (16) priority legislations. The majority of these are economic measures. In line with its commitment to provide the necessary legislative support to the President's programs, Congress passed two (2) important measures during the First Regular Session (July 2001-June 2002) of the Twelfth (12th Congress (2001-2004). These are:

- ?? Republic Acts 9160 – Anti-Money laundering
- ?? Republic Act 9165 – Anti-Drug Trafficking

In addition, the House of Representatives also passed two important SONA measures now pending in the Senate:

- ?? Special Purpose Asset Vehicle (SPAV)
- ?? Securitization Law.

Aside from approving these four measures, the House of Representatives has continuously supported the President. A number of the 16 SONA bills have also reached second reading, which involves floor discussion, amendments, and voting in the plenary hall. These include:

- ?? Department of Housing
- ?? Absentee Voting
- ?? Hiring of private prosecutors by the Ombudsman

Other proposed laws that are still under consolidation at the Committee level of the House include the following:

- ?? An act making farm lands acceptable as collateral;
- ?? A bill on the Personal Equity Retirement Act;
- ?? An act on the Investment Company Act; and
- ?? A bill creating the Department of Telecommunications and Information Technology.

Lastly, the following bills are undergoing committee deliberations:

- ?? An act amending the Securities Regulation Code
- ?? A bill addressing internet privacy and security,
- ?? An act shifting taxation to gross income and additional exemptions to workers
- ?? An act imposing tariffs on rice imports

While such performance was less than inspiring, the House of Representatives was taking up major measures when the session was abruptly halted due to the unfortunate leadership impasse in the Senate. The remaining two (2) days could have given enough time for the House of Representatives to pass on second reading the proposed measures on the Department of Housing and the Absentee Voting. The bill allowing the Ombudsman to accept private prosecutors has been approved by the Committee on Rules and was scheduled for floor discussion before the recess.

SONA Legislations	Status/Remarks
Law making farm lands acceptable as collateral	Under Committee deliberation
Law to address money laundering	RA 9160
Law creating an asset management company	Under plenary discussion – second reading
Law creating the secondary housing mortgage market	Approved in the House of Representatives
Personal Equity Retirement Act	Under consolidation at the Committee level
The Investment Company Act	Under consolidation at the Committee level
The Securitization Act	Approved on 3 rd Reading
Amendments to the Securities Regulation Code	Under Committee deliberation
Law to shift to gross income taxation and increase the category of workers who do not have to pay taxes	Under Committee deliberation
Law on absentee voting	Undergoing second reading
Law addressing internet privacy and security	Under Committee deliberation
Law creating the Department of Telecommunications and Information Technology	Under consolidation at the Committee level
Law creating the Department of Housing	Undergoing second reading
Law to allow the Ombudsman to accept private prosecutors	Approved by the Committee on Rules; for floor deliberation
Law reducing the amount of drugs in a suspect's possession for him to be charged with drug trafficking	RA 9165
Law imposing tariffs on rice importation	Under Committee deliberation

ANNEX A

THE STATE OF THE NATION ADDRESS

JULY 23, 2001

HIS EXCELLENCY PRESIDENT RAMOS, SENATE PRESIDENT DRILON AND THE OTHER SENATORS, SPEAKER DE VENECIA AND CONGRESSMEN, CHIEF JUSTICE DAVIDE AND THE JUSTICES OF THE SUPREME COURT, THE MEMBERS OF THE DIPLOMATIC CORPS, MGA MARALITANG TAGALUNGSOD NA NANOOD SA VIDEO WALL AT SA TV; ANG MARAMING NAKIKINIG SA RADYO; MAHAL KONG KABABAYAN:

KAMAKAILAN, MAY SUMULAT SA AKING TATLONG BATANG TAGA-PAYATAS, SINA JAYSON, JOMAR AT ERWIN. GINAWA NILANG PAPER BOATS ANG LIHAM AT PINALUTANG SA PASIG RIVER PATUNGO SA MALACANANG.

ITO ANG SINULAT NG SAMPUNG TAONG GULANG NA SI JOMAR PABALAN: "SANA PO MABIGYAN NG PERMANENTENG TRABAHO ANG TATAY KO PARA HINDI SIYA MAHIRAPAN."

SABI NAMAN NI JASON VANN BANOAGAN, SAMPUNG TAONG GULANG: " SANA PO MATULUNGAN NINYO AKO MAKATAPOS SA PAG-AARAL KO HANGGANG KOLEHIYO, KASI PO ANG NAGPAPAARAL SA AKIN AY ANG LOLA KO LAMANG."

AT ANG TANGING NAIS NI ERWIN DOLERA, WALONG TAONG GULANG: IPASARA ANG PAYATAS DUMPSITE, AT BIGYAN NG LUPA ANG KANYANG PAMILYA.

NAPAKALINAW, NPAKASIMPLE ANG HILING NG MGA ANAK NG PAYATAS: TRABAHO. EDUKASYON. SARILING TAHANAN. IDAGDAG NA RIN: PAGKAIN SA BAWAT MESA. ITO ANG MITHIIN NG MASA.

AND THIS, IN COMMON SENSE AND PLAIN TALK, IS THE CORE OF MY VISION.

A VISION FOR THE FUTURE MUST BE ROOTED IN THE PAST.

A REVOLUTION GAVE BIRTH TO THE FIRST REPUBLIC IN ASIA.

A SENSE OF A NATIONHOOD WAS BORN BUT ALSO THE DREAM OF BETTER LIFE FOR ALL FILIPINOS. ANDRES BONIFACIO, THE POOR MAN, THE GREAT PLEBEIAN WHO STARTED THIS REVOLUTION, NURTURED THIS DREAM.

IN 1963, ANOTHER POOR MAN ROSE. HE ROSE TO THE MOST POWERFUL POSITION IN THE LAND AND RISKED EVERYTHING TO FULLFIL THE POOR MAN'S DREAM.

INSPIRED BY THE GREAT PLEBEIAN, MY FATHER, PRESIDENT DIOSDADO MACAPAGAL, PROMULGATED THE LAND REFORM LAW TO EMANCIPATE THE PEASANT FROM A FEUDAL BONDAGE TO THE SOIL.

IN 1986 FILIPINOS PEACEFULLY RECLAIMED THEIR CIVIL LIBERTIES IN THE PEOPLE POWER REVOLUTION. UNDER THE LEADERSHIP OF CORAZON AQUINO, WE REAFFIRMED OUR COMMITMENT TO FREEDOM AND DEMOCRACY ON A MERE STRETCH OF HIGHWAY - WITH HARDLY A DROP OF BLOOD SHED OR SHOT FIRED IN ANGER.

SIX MONTHS AGO, ON THE SAME HIGHWAY, PEOPLE ROSE UP TO RESTORE MORALITY AS THE FIRST INSTITUTION OF SOCIETY AND AS THE ANIMATING PRINCIPLE OF JUSTICE AND THE RULE OF LAW.

THUS, WE SEE, THE HISTORIC PILLARS OF A NATIONAL VISION: PROSPERITY, FREEDOM, JUSTICE.

ITO ANG MGA LAYUNING IPINAGLABAN NG BAYAN MULA NG ITO'Y ISILANG: KASAGANAAN, KALAYAAN, KATARUNGAN.

WE ALSO SEE IN OUR GREAT HISTORY A PROGRESSIVE ADVANCEMENT TOWARDS THE ULTIMATE GOAL TO TRANSFER POWER OVER THE STATE FROM THE TRADITIONAL ECONOMIC AND POLITICAL BOSSES TO THE PEOPLE.

LAST MAY 1, THE POOR RAISED THEIR VOICES IN ANGER AND THEIR FISTS IN FURY. IMPRISONED IN PROVERTY, SHACKLED TO SHAME, DENIED JUSTICE IN SOCIETY, THEY PERSONALLY DELIVERED THE MESSAGE THAT, ONE HUNDRED YEARS AFTER THEY REVOLTED TO ESTABLISH THIS NATION, THEY HAD YET TO PARTAKE OF THE NATIONAL DREAM.

DINIG NA DINIG KO ANG PAHAYAG NILA, AT NAPAKUMBABA AKO. HINDI BA'T NASA BALIKAT KO ANG TUNGKULING MAMUNO SA PAKIKIBAKA LABAN SA SALOT NG KAHIRAPAN? AKO, NA SIYANG ANAK NG TINAWAG NA " POOR BOY FROM LUBAO " .

I TAKE THIS DUTY UPON MY SHOULDERS.

I DO-SO-WITHOUT-FEAR OR FOREBODING OF FAILURE.

FOR I KNOW THAT THE GREATEST OBSTACLE WE AS A NATION MUST OVERCOME IS INSIDE US. THE ENEMY TO BEAT IS OURSELVES: WHEN WE SPREAD DIVISION RATHER THAN UNITY; WHEN WE PUT OURSELVES ABOVE COUNTRY AND PROFIT ABOVE FAIRNESS; WHEN WE THINK THE WORST OF THOSE WITH WHOM WE SHOULD BE WORKING FOR THE COMMON GOOD, AND WHEN WE WALLOW IN DESPAIR RATHER THAN RISE TO ACHIEVEMENT. INDEED, WHEN WE MAKE POLITICS REPLACE PATRIOTISM IN OUR COUNTRY'S HOUR OF NEED.

LET US, HERE IN THE HOME OF DEMOCRACY, THEREFORE RESOLVE, TO GRAB HOLD OF THIS ENEMY WITHIN, AND BEAT HIM.

THE INTERNAL ENEMY ENGAGED, THE BATTLE WILL NOT BE EASY. WE INHERITED VERY DIFFICULT PROBLEMS.

FROM 2.5 MILLION JOBLESS FOUR YEARS AGO, UNEMPLOYMENT NOW STANDS AT 4 MILLION. FROM A BUDGET SURPLUS IN 1997 UNDER PRESIDENT RAMOS OF MORE THAN A BILLION PESOS, MY GOVERNMENT INHERITED A DEFICIT EXCEEDING P140 BILLION PESOS. IN THE SAME PERIOD, POVERTY INCIDENCE ROSE FROM 36.8% OF THE POPULATION IN 1997 TO 40% IN THE YEAR 2000.

AND, UNLIKE THE SITUATION IN 1997 WHEN A BATTERED ASIA COULD STILL LEAN ON THE STRENGTH OF THE ADVANCED ECONOMIES, TODAY OUR MAIN TRADING PARTNERS LIKE JAPAN AND AMERICA ARE SLOWING DOWN AS WELL.

BUT WE WILL PREVAIL. WE WILL PREVAIL BECAUSE THE MAINSTREAM OF OUR NATION IS UNITED.

IN THE MAY ELECTIONS, THIS ADMINISTRATION RECEIVED A SOLID MANDATE TO CARRY ON WITH THE BUSINESS OF GOVERNANCE AND REFORM.

I DO NOT VIEW THIS MANDATE AS A CHOICE BETWEEN PERSONALITIES OF THIS ADMINISTRATION AND THOSE OF THE OPPOSITION.

I SEE IT RATHER AS A VOTE FOR ALL OF US - ADMINISTRATION AND OPPOSITION - TO ROLL UP OUR SLEEVES, STOP LOOKING BACK, AND MOVE FORWARD, MOST ESPECIALLY IN THE FIGHT AGAINST MASS POVERTY.

HINALAL TAYO UPANG LABANAN ANG KAHIRAPAN, HINDI ANG ISA'T-ISA.

OUR CHALLENGE IS CLEAR: SUGPUIN ANG KAHIRAPAN.

IN THIS SPIRIT, I APPEAL TO EVERYONE HERE TODAY TO UNDERTAKE SOMETHING UNCONVENTIONAL BUT MUCH TO BE DESIRED IN THIS ESPECIALLY HARD TIMES.

FROM TODAY, LET US SET ASIDE BICKERING AND POLITICKING FOR AT LEAST ONE YEAR. WE MAY CONGRATULATE OURSELVES ON OUR FORBEARANCE AT THE NEXT STATE OF THE NATION ADDRESS.

SA HALIP NG ALITAN, ISANG TAON TAYONG MAGTULUNGAN SA IKABUBUTI NG TAONG BAYAN.

THIS IS OUR DUTY. THIS IS OUR MANDATE. THIS IS OUR MISSION.

UNITY FOR THE COUNTRY'S RECOVERY WILL SET THE STAGE FOR NATIONAL MOBILIZATION NEEDED TO UNDERTAKE THE GREAT AND DIFFICULT TASK AHEAD.

WHAT ARE THESE TASKS?

WHEN I BECAME PRESIDENT LAST JANUARY, I TOLD THE PEOPLE ABOUT MY VISION OF WINNING THE WAR AGAINST POVERTY, WITHIN THE DECADE.

TO SUCCEED, THE TEMPLATE OF OUR NATIONAL AGENDA MUST REVOLVE AROUND FOUR COMPONENTS - APAT NA ELEMENTO NG PAKIBAKA SA KAHIRAPAN.

THE FIRST IS AN ECONOMIC PHILOSOPHY OF FREE ENTERPRISE APPROPRIATE TO THE 21ST CENTURY. PAGNEGOSYO UPANG DUMAMI ANG TRABAHO. NOT A PITILESS FREE-FOR-ALL BUT FREE ENTERPRISE WITH A SOCIAL CONSCIENCE.

THE SECOND COMPONENT IS A MODERNIZED AGRICULTURAL SECTOR FOUNDED ON SOCIAL EQUITY. PALALAGUIN ANG KITA NG MARALITANG TAGABUKID.

THE THIRD COMPONENT IS A SOCIAL BIAS TOWARD THE DISADVANTAGED TO BALANCE OUR ECONOMIC DEVELOPMENT PLAN. PAGKALINGA SA MGA BAHAGI NG LIPUNAN NA NAIWANAN NG KAUNLARAN.

AND THE FOURTH COMPONENT IS TO RAISE THE MORAL STANDARDS OF GOVERNMENT AND SOCIETY. MORALIDAD SA GOBYERNO AT LIPUNAN BILANG SALIGAN NG TUNAY NA KAUNLARAN.

PAGNEGOSYO, PAGPAPAUNLAD NG AGRIKULTURA, KALINGA SA NAGIGIPIT NA SEKTOR, AT MORALIDAD SA GOBYERNO AT LIPUNAN - ITO ANG MGA SANDATA NATIN SA DIGMAANG-BAYAN LABAN SA KAHIRAPAN.

I HAVE THEREFORE ORGANIZED MY INTERPRETATION OF THE STATE OF THE NATION ALONG THESE FOUR COMPONENTS OF OUR ANTI-POVERTY IDEOLOGY.

I. THE FIRST IS AN ECONOMIC PHILOSOPHY FOR THE 21ST CENTURY. UNDER THIS PHILOSOPHY, THE WAY TO FIGHT POVERTY IS TO CREATE JOBS, NOT DESTROY THEM.

TO CREATE JOBS, WE WILL ATTRACT INVESTMENT. TO ATTRACT INVESTMENTS, WE WILL ATTEND TO MACRO MEASURES AND CONCERNS.

IN ADDRESSING MACRO MEASURES, WE WILL FOCUS IN LONG-TERM STRUCTURAL ISSUES. WE STARTED WITH THE REFORM OF THE POWER SECTOR, AND I CONGRATULATE THOSE OF YOU WHO ARE HERE NOW IN THE PREVIOUS CONGRESS AS WELL FOR THIS ACCOMPLISHMENTS. NOW, WE WILL TURN TO OTHER BASICS LIKE INFRASTRUCTURE, PRODUCTIVITY, AND THE SAVINGS RATE.

IN FOCUSING ON INFRASTRUCTURE, WE WILL HARNESS THE PRIVATE SECTOR VIA THE BUILD-OPERATE-AND-TRANSFER LAW. OUR PRIORITIES INCLUDE TELE COMMUNICATIONS FACILITIES FOR HIGH-SPEED CONNECTIVITY AT LOW COST, ROADS TO TARGET TOURIST DESTINATIONS, INFRASTRUCTURE FOR THE MODERNIZATION OF AGRICULTURE, MASS TRANSPORT INFRASTRUCTURE FOR METRO MANILA, AND COMMUTER AND TRANSPORT SYSTEMS TO DISPERSE COMMUNITIES TOWARDS SUBIC-CLARK AND CALABARZON.

WE WILL MINIMIZE BOTTLENECKS TO PRODUCTIVITY, SUCH AS THE HIGH COST OF POWER, DETERRENTS TO INVESTMENTS IN AGRICULTURE, OVERLY CONFRONTATIONAL LABOR-MANAGEMENT RELATIONSHIPS, AND CORRUPTION AND RED TAPE AT THE NATIONAL AND LOCAL GOVERNMENT LEVELS.

TO REDUCE THE COST OF POWER, WE WILL BEGIN IMPLEMENTING THE POWER SECTOR REFORM LAW WHICH THE PREVIOUS CONGRESS JUST PASSED.

TO REDUCE DETERRENTS TO INVESTMENTS IN AGRICULTURE, I ASK CONGRESS TO ENACT LAW MAKING FARM LAND ACCEPTABLE AS LOAN COLLATERAL.

TO REDUCE EXCESSIVE FRICTION IN LABOR AND MANAGEMENT RELATIONS, WE WILL GO THE EXTRA MILE TO WORK FOR INDUSTRIAL PEACE, AND TO WORK WITH LABOR AND BUSINESS TO RETRAIN WORKERS FOR THE FAST-CHANGING TECHNOLOGIES OF THE NEW ECONOMY.

TO REDUCE CORRUPTION IN THE EXECUTIVE BRANCH, CABINET SECRETARIES WILL HAVE TO DELIVER TANGIBLE RESULTS WITHIN TWELVE MONTHS IN FIGHTING GRAFT. OUR NEW E-PROCUREMENT PROGRAM WILL SAVE BILLIONS AND MINIMIZE ANOMALIES. AND I GAVE THE REINFORCED PRESIDENTIAL ANTI-GRAFT COMMISSION ADDED TEETH TO INVESTIGATE AND PROSECUTE MOTU PROPIO CORRUPTION IN HIGH PLACES. AND WE WILL MAKE THE B.I.R. AND CUSTOMS SHOWCASES IN THIS FIGHT AGAINST GRAFT AND CORRUPTION.

TO REDUCE CORRUPTION AMONG ELECTIVE OFFICIALS, WE WILL HELP HONEST PEOPLE GET ELECTED BY FINANCING THE FULL COMPUTERIZATION OF ELECTIONS. WE HAVE RELEASED P2 BILLION OF THE NEEDED 3.4 NEEDED FOR COMPUTERIZATION. AND I ASK CONGRESS TO ADD ANOTHER 500 MILLION IN THE 2002 BUDGET. LET US MAKE THE POLLS OF MAY 14, 2001 THE LAST NATIONAL ELECTIONS THAT USE PRIMITIVE METHODS OF VOTER IDENTIFICATION AND BALLOT TABULATION.

TO REDUCE RED TAPE IN THE NATIONAL GOVERNMENT, WITHIN 12 MONTHS, ALL GOVERNMENT AGENCIES WILL IMPLEMENT MEASURES TO CUT IN HALF THE NUMBER OF SIGNATURES REQUIRED FOR THEIR SERVICE, HOUSING PERMITS SHALL ONLY NEED 45 APPROVALS, INSTEAD OF 188. IF LEGISLATION IS REQUIRED TO EFFECT THIS EFFICIENCY, THE AGENCIES CONCERNED WILL DRAFT APPROPRIATE BILLS FOR MY ENDORSEMENT TO CONGRESS.

I CONGRATULATE THE L.T.O. FOR ISSUING LICENSES IN HALF AN HOUR. I CONGRATULATE THE N.B.I. FOR ISSUING CLEARANCES IN ONE DAY.

I ASK OUR LOCAL GOVERNMENTS LIKEWISE TO STREAMLINE THEIR OPERATIONS AND SLASH RED TAPE. THERE MUST BE CONTINUITY BETWEEN NATIONAL AND LOCAL GOVERNMENTS IN THEIR EFFORTS TO BE INVESTOR-FRIENDLY.

WE WILL ADDRESS ISSUES RELATED TO THE SAVINGS RATE, SO THAT THE COST OF DOMESTIC CAPITAL CAN BE REDUCED. THESE ISSUES ARE TIED UP WITH THE STRENGTH OF THE FINANCIAL AND FISCAL SECTORS.

WITH REGARD TO THE FINANCIAL SECTOR, I ASK CONGRESS TO AMEND THE BSP CHARTER AND THE BANKING ACT TO IMPROVE SUPERVISION AND PROMOTE FINANCIAL PRUDENCE. THESE AMENDMENTS SHOULD TAKE US OUT OF THE MONEY-LAUNDERING LIST.

WE ADHERE TO A FREELY CONVERTIBLE PESO AND MARKET EXCHANGE RATES. HOWEVER, WE SUPPORT THE CENTRAL BANK'S MEASURES TO CURB SPECULATION.

TO THOSE SPECULATING AGAINST THE PESO, I HAVE ONLY THIS TO SAY: HAVE YOU NO PITY FOR THE COMMON PEOPLE, HAVE YOU NO LOVE FOR YOUR COUNTRY? MAKONSENSYA NAMAN KAYO.

INSTEAD OF SPECULATING, LET US FURTHER STRENGTHEN THE FINANCIAL SECTOR. WE WILL DESIGN INNOVATIVE POLICIES TO DEVELOP OUR CAPITAL MARKET. WE WILL SET UP A SECONDARY HOUSING MORTGAGE MARKET, AN ASSET MANAGEMENT COMPANY, AND A PROVIDENT FUND FOR OVERSEAS FILIPINOS. WE WILL SIMPLIFY AND CLARIFY THE SYSTEM OF INCENTIVES. WE WILL INTERPRET INVESTMENT LAWS IN FAVOR OF THE INVESTOR.

AND I ASK CONGRESS TO ENACT LAWS ON CAPITAL MARKET REFORM SUCH AS THE PERSONAL EQUITY RETIREMENT ACT, THE INVESTMENT COMPANY ACT, THE SECURITIZATION ACT, AND AMENDMENTS TO THE SECURITIES REGULATION CODE.

WITH REGARD TO THE FISCAL SECTOR, WE WILL CONTROL THE BUDGET DEFICIT BY COLLECTING TAXES VIGOROUSLY AND SPENDING MONEY PRUDENTLY. FOR THE LONGER TERM, I ASK CONGRESS TO ENACT A LAW PROVIDING FOR A GROSS INCOME TAX.

ALISIN NA NATIN AND MGA TAX REDUCTIONS NA NAGIGING SANHI LAMANG NG KATAKUT-TAKOT NA CORRUPTION.

THE STRENGTH OF THE FINANCIAL AND FISCAL SECTORS PARTLY LIES IN HOW WE USE THE REALITIES IN THE GLOBAL AND REGIONAL ENVIRONMENT TO OUR BENEFIT. THUS, WE WILL ENHANCE OUR RELATIONS WITH THE UNITED STATES, WHOSE ECONOMIC AND MILITARY POWER CONTINUES TO MAKE IT IMPORTANT AS A FACTOR IN THE AFFAIRS OF THE REGION AND THE NATION. WE WILL ALSO STRENGTHEN BILATERAL ECONOMIC AND POLITICAL RELATIONS WITH JAPAN, OUR BIGGEST SOURCE OF DEVELOPMENT ASSISTANCE AND A MAJOR TRADING PARTNER. AND MORE AND MORE, WE WILL DESIGN FOREIGN POLICY AND FOREIGN TRADE POLICY IN THE CONTEXT OF ASEAN. AND I ASK CONGRESS TO ENACT A LAW GIVING OVERSEAS FILIPINOS, WHO CONTINUE TO PLAY A CRITICAL ROLE IN THE COUNTRY'S ECONOMIC AND SOCIAL STABILITY, GIVING THEM THE RIGHT TO VOTE.

PREPARING OUR GROWTH SECTORS OF THE FUTURE ENABLES US TO TAP THE OPPORTUNITIES OF THE 21ST CENTURY.

WE WILL PROMOTE FAST-GROWING INDUSTRIES WHERE HIGH-VALUE JOBS ARE MOST PLENTIFUL.. ONE OF THEM IS INFORMATION AND COMMUNICATIONS TECHNOLOGY OR I.C.T. OUR ENGLISH LITERACY, OUR APTITUDE AND SKILLS GIVE US A COMPETITIVE EDGE IN I.C.T. FILIPINO WORKERS ARE RANKED NO. 1 IN THE FIELD, NO. 1 AMONG KNOWLEDGE WORKERS. AND ANALYSTS POINT

TO TWO DEVELOPING COUNTRIES AS THE LIKELY WORLD CENTERS FOR SOFTWARE DEVELOPMENT AND DATA MANAGEMENT IN THIS DECADE: INDIA AND THE PHILIPPINES. WE WILL LIVE UP TO THAT FORECAST.

AS A FIRST STEP, LET US DECLARE THAT TECHNOLOGY IS THE FOUNDATION OF FUTURE ECONOMIC DEVELOPMENT, AS CHINA DID IN 1998. I.C.T. WILL JUMPSTART OUR OLD STALLING ECONOMY AND MAKE IT LEAPFROG INTO THE FEW ECONOMY.

HIGH-SPEED CONNECTIVITY AT LOW COST WILL INCREASE THE USE OF I.C.T. IT IS ALSO THE WAY FOR SMART AND GLOBE TO PROPERLY INTERCONNECT. THEN WE WILL FINALLY HEAR THE LAST OF THOSE ANNOYING WORDS, " NETWORK BUSY."

OUR RULES WILL PROMOTE RATHER THAN REGULATE I.C.T. BUT IN TURN, I ASK CELLULAR PHONE COMPANIES TO STOP CHARGING ON DROPPED CALLS, WHICH IS BOTH IRRITATING AND UNFAIR TO THE PUBLIC.

I ASK CONGRESS TO ENACT LAWS TO ADDRESS INTERNET PRIVACY AND SECURITY, ALLOW FOR MULTIMEDIA CONVERGENCE, AND CREATE A DEPARTMENT OF TELECOMMUNICATIONS AND INFORMATION TECHNOLOGY.

TO PREPARE OUR YOUTH TO BE THE NEXT GENERATION OF KNOWLEDGE WORKERS, WE WILL UPGRADE MATH AND SCIENCE TEACHING IN BASIC EDUCATION.

WE WILL TAKE A HARD LOOK AT EDUCATION AND ASK: IS IT PREPARING THE YOUTH FOR THE JOBS OF THE NEW ECONOMY? OR IS IT JUST KEEPING THEM OFF THE STREETS UNTIL THEY ARE THROWN THERE JOBLESS AFTER GRADUATION? IE THEY FINISH SCHOOL AT ALL.

TO INCREASE THE CHANCES OF FILIPINO CHILDREN FINISHING SCHOOL, WE WILL MINIMIZE THE COST OF GOING TO SCHOOL. WHEN WE STOPPED THE COLLECTION OF MISCELLANEOUS FEES LAST ENROLLMENT DAY, 900, 000 MORE STUDENTS ENROLLED THAN ANTICIPATED. AND TO REDUCE THE TIME AND MONEY SPENT TO ACTUALLY TRAVEL TO SCHOOL, I WANT A SCHOOL BUILDING IN EVERY BARANGAY BY 2004. IBIG NATING TUMALAS ANG ULO NG MGA ESTUDYANTE, AT HINDI MALASPAG ANG PAA.

TO IMPROVE THE QUALITY OF EDUCATION AS REQUIRED BY THE NEW ECONOMY, WE WILL INCREASE THE NUMBER OF TEXTBOOKS PER STUDENT AS WELL AS THE QUALITY OF INSTRUCTION. THIS YEAR ALL PUBLIC SCHOOL STUDENTS WILL HAVE TEXTBOOKS FOR PRIORITY SUBJECTS IN GRADES ONE TO FOUR AND IN THE FIRST AND SECOND YEARS OF HIGH SCHOOL. AND THEY WILL HAVE BETTER PAID AND THEREFORE BETTER MOTIVATED TEACHERS, NOT TO MENTION MORE TEACHERS BECAUSE SOUND FISCAL MANAGEMENT ENABLED US TO PROVIDE A SUPPLEMENTAL BUDGET OF P 1.5 BILLION TO HIRE MORE TEACHERS AND INCREASE THEIR PAY WITHOUT INCREASING OUR DEFICIT.

ASIDE FROM I.C.T., WE ALSO HAVE THE COMPETITIVE EDGE IN TOURISM, IN THE NATURAL WONDERS OF OUR COUNTRY AND THE NATURAL WARMTH OF OUR PEOPLE. WE WILL PROVIDE THE ROADS TO THOSE WONDERS AND THE MEANS TO TAKE THE TOURISTS THERE. THUS, WE WILL CONTINUE TO LIBERALIZE THE AIRLINE INDUSTRY.

II. THE SECOND COMPONENT OF OUR NATIONAL AGENDA TO FIGHT POVERTY IS THE MODERNIZATION OF AGRICULTURE FOUNDED ON SOCIAL EQUITY.

NASA BUKID ANG NAKARARAMING MARALITA, KAYA PAGYAYAMANIN NATIN ANG PAGSASAKA AT PANGINGISDA.

THERE CAN BE A MILLION NEW JOBS IN AGRICULTURE AND FISHERIES. WITHIN THE YEAR, THE DEPARTMENT OF AGRICULTURE SHALL BEGIN TO IMPLEMENT THE PROGRAM TO GENERATE THEM. WE WILL APPROACH THIS WITH A SENSE OF URGENCY. I DON'T WANT THE ONE MILLION NEW JOBS TO COME IN THE LONG TERM. I WANT A TIMETABLE. I WANT TO IDENTIFY ACCOUNTABILITIES. I WANT MILESTONES.

HINDI ITO PANGAKONG MAPAPAKO DAHIL NAKASALALAY RITO ANG KABUHAYAN NG MILYUNG-MILYONG MARALITANG PILIPINO.

MGA KABABAYAN KONG MAGSASAKA, ANG INYONG PANGULO MISMO ANG MAGBABANTAY SA KAGALINGAN NINYO. STARTING TOMORROW I WILL HOLD OFFICE AT THE DEPARTMENT OF AGRICULTURE UNTIL WE CAN LAUNCH THE MILLION NEW JOBS PROGRAM, AND UNTIL WE CAN SEE THAT THE SHORT-TERM GOALS OF THE GOVERNMENT ARE IN SYNC WITH THE GOALS OF FARMER GROUPS AND AGRI-BUSINESS.

TAUN-TAON, HINDI BABABA SA DALAWAMPUNG BILYOONG PISO ANG ATING GAGASTUSIN UPANG MAPALAKAS ANG KITA NG MAGSASAKA AT MANGINGISDA. ANIM NA BILYON SA PATUBIG; DALAWANG BILYON SA POST-HARVEST FACILITIES; DALAWANG BILYON SA IMPRASTRATURA; DALAWANG BILYON SA PAUTANG; AT DALAWANG BILYON SA RESEARCH AND DEVELOPMENT.

THERE IS MONEY AND THERE WILL BE MONEY, AND THE DEPARTMENT OF AGRICULTURE SHALL DEMONSTRATE ITS CAPACITY TO USE THESE FUNDS.

SA PONDONG NAKALAN SA PATUBIG AT POST-HARVEST FACILITIES MULA APPARRI HANGGANG JOLO, MAKAKALIKHA TAYO NG WALONG-DAANG LIBONG TRABAHO. SA PAGBUBUKAS NG DALAWANDAANG LIBONG EKTARYANG BAGONG SAKAHAN AY MAKAKALIKHA TAYO NG DALAWANDAANG LIBONG TRABAHO. SA GANITONG PARAAN MALILIKHA ANG ISANG MILYONG BAGONG TRABAHO SA KANAYUNAN. NGUNIT DAPAT TIYAKIN ANG MERKADO NG PRODUKSYON NG MGA BAGONG MAGTATRABAHO SA AGRIKULTURA AT PANGINGISDA PATI NA RIN NG KASALUKUYANG MAGSASAKA AT MANGINGISDA.

PARA SA KAGINHAWAAN NG TAUMBAYAN, DAPAT HINDI NAGKUKULANG ANG BIGAS SABI NGA NG AFMA. SISIKAPIN NATING MAGKAROON NG RICE SELF-SUFFICIENCY. MEANWHILE, WE WILL REMOVE THE MONOPOLY OF N.F.A. IN RICE IMPORTATION, SO THAT IF A SHORTAGE SEEMS LIKELY, WE WILL ALLOW THE FARMERS THEMSELVES TO IMPORT RICE, BASTA MAGBAYAD SILA NG CUSTOMS DUTIES. GAGAMITIN NAMAN ANG BINAYARANG BUWIS PARA SA MODERNISASYON NG RICE PRODUCTION.

MURANG BIGAS AT MASAGANANG MAGSASAKA – ITO ANG HANGAD NATIN PARA SA MASA.

MAS MALAKI PA ANG MATUTULONG NG GOBYERNO SA MGA MAGSASAKA NG NIYOG ORAS NA MARESOLBANG PABOR SA GOBYERNO ANG KASO NG COCONUT LEVY. KAPAG MANGYARI ITO, GAGAMITIN ANG PONDO PARA SA MODERNISASYON NG MGA NIYUGAN. PINAWALANG-BISA KO ANG KAUTUSAN SA COCONUT LEVY MULA SA DATING ADMINISTRASYON UPANG HINDI MADEHADO ANG MAGSASAKA. HINDI TAYO HIHINTO HABANG HINDI NAKIKINABANG ANG MAGNINIYOG SA COCO LEVY FUND.

TO FIGHT POVERTY, AGRICULTURAL MODERNIZATION WILL BE SOCIALLY EQUITABLE. WE SHALL REDEEM IN EARNEST THE PROMISE OF LAND REFORM, A COMMITMENT THAT SPANS SEVERAL PRESIDENTS. ISA PA ITONG PANGAKONG HINDI DAPAT MAPAKO.

BAWAT TAON, MAMAHAGI ANG GOBYERNO NG DALAWANDAANG LIBONG EKTARYA PARA SA REPORMA SA LUPA: 100, 000 OF PRIVATE LAND AND 100, 000 HECTARES OF PUBLIC LAND, INCLUDING 100 ANCESTRAL DOMAIN TITLES FOR INDIGENOUS PEOPLES.

WE WILL BRING OUR WAR AGAINST POVERTY TO RURAL MINDANAO, ESPECIALLY THE AREAS MOST AFFECTED BY THE PAST CONFLICTS. WE HAVE HELPED MORE THAN HALF OF THE 27, 000 EVACUEE FAMILIES RETURN TO THEIR FARMS AND REHABILITATE THEIR HOMES. THE REST WILL GO BACK HOME THIS YEAR. IN THE NEXT 12 MONTHS, WE WILL SPEND P 500 MILLION FROM THE OPEC FUND FOR COMMUNITY PROJECTS IN THEIR AREAS.

IF THE LONG-DELAYED MALMAR IRRIGATION DAM IS NOT COMPLETED BY SEPTEMBER, I WILL TRANSFER ITS CONSTRUCTION TO THE ARMY ENGINEERING BRIGADE. THIS DAM IS SO IMPORTANT BECAUSE IT WILL IRRIGATE 3,000 HECTARES IMMEDIATELY, WITH ANOTHER 10, 000 TO FOLLOW NEXT YEAR.

WE WILL MAKE MINDANAO THE GATEWAY TO ASEAN BY PUTTING BACK ON TRACK THE EAST ASEAN GROWTH AREA.

INSHALA, MAHIMO TINU-OD ANG SAAD SA MINDANAO UBOS SA AKONG ADMINISTRASYON.

III. THE THIRD COMPONENT OF OUR NATIONAL AGENDA IS A SOCIAL BIAS TO BALANCE ECONOMIC DEVELOPMENT.

THIS SOCIAL BIAS CONSISTS IN IMMEDIATE MEASURES FOR THE POOR AS WELL AS IMPROVING AND ENSURING THE QUALITY OF LIFE OF THE MASSES.

BUKOD SA MAMBUBUKID, MARALITANG TAGALUNSOD ANG MALAKING SEKTOR NA KAILANGAN NG DAGLIANG TULONG.

UPANG AGAD SILANG MATULUNGAN, NABIGYAN NA NG ATING ADMINISTRASYON ANG KARAPATANG BUMILI NG LUPANG TINITIRHAN SA MAHIGIT WALUMPUNG LIBONG PAMILYANG MARALITA. AND WE WILL WORK DOUBLE TIME TO GIVE SECURITY OF LAND TENURE TO 150,000 URBAN POOR FAMILIES EVERY YEAR. SANDAAN AT LIMAMPUNGLIBONG PAMILYA TAUN-TAON ANG MAGKAKARON NG KARAPATAN NA BUMILI NG SARILING TIRAHAN. GINAGAWA KO ITO DAHIL NALULUNGKOT AKO PAG MAY NAKIKITANG AKONG SQUATTER SA SARILING BAYAN.

DAPAT DIN TUGUNAN ANG KARAINGAN NG MADLA SA MAHAL NA BILIHIN AT KULANG NA SAHOD. UMAASA AKONG MAGPAPASYA ANG KONGRESO O WAGE BOARD SA NARARAPAT NA SUWELDO. PANSAMANTALA, NANANAWAGAN AKO SA MGA NEGOSYANTENG MAY KAKAYAHAN: MAGBIGAY NA KAAGAD KAYO NG EMERGENCY COST OF LIVING ALLOWANCE. MAAARI NAMAN ITONG IKREDIT KAPAG MAY BAGONG SAHOD O ALLOWANCE MULA SA BATAS O WAGE BOARD.

SA KABILANG DAKO, KUMIKILOS ANG GOBYERNO UPANG MAPIGILAN ANG PAGTAAS NG PRESYO NG MGA PANGUNAHING PANGANGAILANGAN NG MANGGAGAWA. BINABANTAYAN ANG PRESYO NG LANGIS, AT SALAMAT NAMAN NA BUMABA ITO NOONG BIYERNES. PANAGSISIKAP DIN NG GOBYERNONG HUWAG ITAAS ANG PASAHE, LALO NA NG L.R.T.

DAHIL PRESYO NG BIGAS AY NAPAKA-IMPORTANTE SA MGA MANGGAGAWA, MAGPAPASADA TAYO NG ISANG LIBONG ROLLING STORES. ANG MGA MANGGAGAWA AT MARALITA AY MAKAKABILI BAWAT KILO DITO NG BIGAS SA HALAGANG LABING-APAT NA PISO SA HALIP NA LABING-WALO.

BABABA DIN ANG PRESYO NG GAMOT. SA LOOB NG ISANG TAON HAHATIIN NATIN ANG PRESYO NG GAMOT NA MADALAS BILHIN NG MADLA.

UPANG IWASAN ANG MALAKING GASTOS SA PAGPAPAGAMOT, ITONG TAON, ILALAHOK SA NATIONAL HEALTH INSURANCE ANG KALAHATING MILYONG MARALITANG TAGALUNGSOD. SA GANOONG PARAAN, ANG INSURANCE ANG MAGBABAYAD NG PAGPAPAGAMOT.

AT UPANG MA-IWASAN ANG PAG-UPA NA NAGBABANTANG TUMATAAS, TINUTULUNGAN NATIN NA MAGKARON NG SARILING TAHANAN ANG MGA MANGGAGAWA AT MARALITA. HANDA NA ANG SAMPUNG LIBONG TAHANAN SA IBA'T-IBANG LUGAR PARA LUMIPAT NA RITO ANG MANGGAGAWA AT MARALITA. PINONDOHAN NA RIN NATIN ANG PAGTAYO NG LABINGWALONG LIBO PANG TAHANAN. TAUN-TAON, MAGTATAYO NG SANDAANG LIBONG TIRAHAN PARA SA MANGGAGAWA AT LIMAMPUNG LIBONG PABAHAY PARA SA HIGIT NA MARALITA. NAKAHANDA SA GOVERNMENT FINANCIAL INSTITUTIONS ANG DALAWAMPUNG BILYONG PISO PARA SA PABAHAY NG MANGGAGAWA.

ITAGA NINYO: DALAWAMPUNG BILYONG PISO PARA SA MGA TAHANAN NG MASA. ITO ANG HANDOG NG GOBYERNO PARA SA SEGURIDAD NG PAMILYANG PILIPINO.

UPANG MAPATAKBO NG MABUTI ANG MGA PROGRAMANG ITO, HINIHLING KO SA KONGRESO NA LUMIKHA NG KAGAWARAN NG PABAHAY. A DEPARTMENT OF HOUSING WILL NOT ONLY BUILD HOMES FOR THE POOR, IT WILL ALSO SPARK THE HOUSING INDUSTRY AND CREATE JOBS.

HINIHLING KO RIN SA KONGRESO NA SA TAX REFORM NA GAGAWIN NINYO, DAMIHAN ANG KATEGORIYA NG MANGGAGAWANG HINDI NA KAILANGANG MAGBAYAD NG BUWIS.

MAYROON TAYONG ESPESYAL NA PROYEKTO PARA SA MGA KABATAANG MARALITA NG METRO MANILA NA HINDI NA MAKAPAG-ARAL, NGUNIT WALANG TRABAHO. THIS IS THE EMERGENCY EMPLOYMENT PROGRAM. BAWAT TAON, DALAWAMPUNG LIBONG OUT-OF-WORK, OUT-OF-SCHOOL YOUTH ANG BIBIGYAN NG DAGLIANG TRABAHO. MAAARI MAGTAGPI NG BUBONG, MAG-AYOS NG RAILING, MAG-GWARDIYA SA ESKWELA NG KANILANG BARANGAY, MAGLINIS NG KALSADA O ESTERO, O IBA PANG DAGLIANG TRABAHO.

THE SOCIAL BIAS IN OUR ECONOMIC DEVELOPMENT PLAN INVOLVES ENSURING THE QUALITY OF LIFE OF THE MASSES

SA SULAT NI ERWIN NA TAGA-PAYATAS, NA BINANGGIT KO KANINA, HINILING NIYA NA IPASARA ANG DUMPSITE. TALAGANG DAPAT NANG MAGKARON TAYO NG BAGONG SISTEMA SA PAG-AASEKASO SA BASURA. BASURA ANG SANHI NG MARAMING PROBLEMA SA SIYUDAD: MASAMANG HANGIN, PAGLAGANAP NG SAKIT, TRAPIK, AT IBA PA. TAPUSIN NA NATIN ITO. INATASAN KO ANG METRO MANILA DEVELOPMENT AUTHORITY NA BAGO MAKALIPAS ANG ISANG TAON, MAGLUNSDAD NG PROGRAMA UPANG AYUSIN ANG PROBLEMA NG BASURA.

SUYANG-SUYA NA RIN TAYONG LAHAT, LALO NA ANG MADLA, SA TRAPIKO NG METRO MANILA. BABWASAN ANG TRAPIK SA TULONG NG MASS TRANSIT. NAGTATAYO TAYO NG LIMANG BAGONG LINYA NG MASS TRANSIT PARA MAKAPAG-BIGAY-GINHAWA SA HALOS APAT NA MILYONG PASAHERO. TATLONG LINYA ANG MATATAPOS SA 2004, ISA PA SA 2005, AT ISA SA 2006. THESE FIVE MASS TRANSIT SYSTEMS ARE BEING PRIORITIZED BECAUSE THEY WILL ADD ONE HUNDRED AND NINETEEN KILOMETERS OF RAILWAY PROJECTS. DURING CONSTRUCTION, I EXPECT THE MMDA TO MINIMIZE THE RESULTING CONGESTION, AS I EXPECT IT TO MINIMIZE THE CURRENT CONGESTION WITHIN SIX MONTHS.

MASYADONG MASIKIP ANG METRO MANILA, KAYA MISERABLE ANG BUHAY SA SLUM AREAS. MAGKAKARON NG MABILIS NA TRANSPORTASYONG MAGDURUGTONG NG MGA KARATIG-REHIYON SA KAMAYNILAAN. ANG NASISIKIPAN NA SA MAYNILA, MAKALILIPAT BALANG ARAW SA MAALIWALAS NA LALAWIGAN.

WE WILL DECONGEST METRO MANILA BY ATTRACTING COMMUNITIES NORTH TOWARDS SUBIC-CLARK, AND SOUTH TOWARDS CALABARZON AND BATANGAS PORT. WE WILL ACHIEVE THIS NOT BY DEMOLISHING SHANTIES BUT BY BUILDING COMMUTER AND TRANSPORT SYSTEMS TO BETTER HOMES.

WHETHER IN METRO MANILA OR IN THE COUNTRYSIDE, WE WILL MAKE MICROFINANCE A CORNERSTONE IN OUR FIGHT AGAINST POVERTY. ANG IBIG SABIHIN NITO AY MALILIIT NA PALUWAGAN PARA SA MALILIIT NA NEGOSYO. KAKALISENSIYA LAMANG NG OPPORTUNITY MICROFINANCE BANK, ANG UNANG MICRO-LENDING PROGRAM SA BANSA NA NAGING BANGKO. BAWAT TAON, DADAGDAGAN NATIN NG TATLONG DAANG LIBONG MARALITANG KABABAIHAN ANG MAKIKINABANG SA PALUWAGANG PROGRAMA NG MICROFINANCE.

PANAHON NA UPANG MAKINABANG ANG MALILIIT SA INIIMPOK NG BAYAN. AT UMASA KAYO, NAGBABAYAD ANG MASA. IN MICROFINANCE, THE REPAYMENT RATE IS 98 PERCENT.

WALA PANG KORYENTE ANG MARAMI NATING BARANGAY. KAYA ARAW-ARAW, GABI-GABI, MAGKAKABIT NG KORYENTE SA APAT NA BARANGAY. SA GANOON, WALUMPUT-LIMANG PORSYENTO, NG BARANGAY AY MAGKAKA-ILAW NA SA LOOB NG ISANG TAON.

WITH EXPORTS SLOWING DOWN DUE TO THE WORLD DOWNTURN, WE WILL STRENGTHEN THE DOMESTIC MARKET. WE WILL INTENSIFY EFFORTS TO PROMOTE SMALL AND MEDIUM ENTERPRISES OR S.M.E.'S ESPECIALLY IN THE COUNTRYSIDE. LAST FRIDAY I INAUGURATED THE S.M.E. BOARD IN THE PHILIPPINE STOCK EXCHANGE. TO HELP SMALL AND MEDIUM ENTERPRISES, I WILL RESTORE THE POLICY OF PROVIDING GOVERNMENT GUARANTEE FOR THEIR BANK LOANS.

IV. THE FOURTH AND LAST COMPONENT OF OUR NATIONAL AGENDA IS IMPROVING MORAL STANDARDS AND THE RULE OF LAW.

WE NEED EVERY OUNCE OF RESOURCE TO WAGE THIS WAR ON POVERTY. WE CANNOT AFFORD TO LOSE ANYTHING TO WASTE OR GRAFT AND CORRUPTION.

FIRST WE MUST STRENGTHEN JUSTICE AND THE ENFORCEMENT OF LAW AND ORDER.

THIS PERTAINS TO TWO LEVELS. AT THE LEVEL OF PRINCIPLE, THIS ADMINISTRATION AFFIRMS ITS COMMITMENT TO THE PRINCIPLE THAT NO ONE IS ABOVE THE LAW.

THUS, OUR POLICY IS TO SUPPORT THE FAIR AND SPEEDY TRIAL OF ALL THE ACCUSED INVOLVED IN THE CASES AGAINST FORMER PRESIDENT JOSEPH ESTRADA.

IF THERE WERE TIMES THAT I SHOWED CONCERN FOR THE PERSONAL CIRCUMSTANCES OF THE FORMER PRESIDENT, IT IS NOT A SIGN OF DIMINISHED DETERMINATION TO SEE JUSTICE DONE.

RATHER, IT IS OUT OF SENSITIVITY TO THE FEELINGS OF THE SEGMENTS OF OUR MASA WHO HAVE CONTINUED TO IDENTIFY WITH HIS PERSONAL CIRCUMSTANCES.

BUT AS I SOMETIMES EXTEND A HAND COVERED BY A VELVET GLOVE, INSIDE IT IS AN IRON HAND WHERE JUSTICE AND THE RULE OF LAW ARE CONCERNED.

AS A SIGN OF THIS, I WILL SUPPORT LEGISLATION TO AMEND THE CHARTER OF THE OMBUDSMAN SO HE CAN ACCEPT THE SERVICES OF PRIVATE PROSECUTORS.

THE SECOND LEVEL PERTAINS TO OUR SENSE THAT JUSTICE PREVAILS AND THE RULE OF LAW WORKS IN OUR DAILY LIVES.

A RE-ENERGIZED POLICE WILL STAMP OUT THE CRIMES THAT HAVE PLAGUED OUR BUSINESSES, TERRORIZED THE COMMON FOLK, AND EMBARRASSED OUR COUNTRY. IN THE ECONOMICS OF FIGHTING CRIME, THE MORE RESOURCES DEVOTED TO CRIME PREVENTION, THE LESS THE AMOUNT OF CRIME. OUR ADMINISTRATION WILL SPEND TO MODERNIZE AND PROFESSIONALIZE THE POLICE. WE WILL START WITH ONE BILLION PESOS.

ALTHOUGH THE NUMBERS SAY THAT INDEX CRIMES IN THE FIRST SEMESTER WERE DOWN 14 PERCENT SINCE A YEAR AGO, WE ARE DETERMINED TO STAMP OUT VIOLENT CRIMES ALTOGETHER. THE ONGOING REORGANIZATION OF THE POLICE IS PART OF THE EFFORT TO ADD VIGOR TO ITS ANTI-CRIME DRIVE. THE NEW NATIONAL ANTI-CRIME COMMISSION WILL TIGHTEN COORDINATION AMONG LAW ENFORCEMENT AGENCIES AS WELL AS WITH THE CHINESE-FILIPINO COMMUNITY. WE ARE GIVING SPECIAL ATTENTION TO THE KIDNAP-FOR-RANSOM SYNDICATES. I WANT THE BULK OF THEM TO BE BEHIND BARS BEFORE THE YEAR IS OVER, SO THAT EVERY FILIPINO WILL AT LAST FEEL SAFE IN HIS HOME, IN HIS WORKPLACE, AND IN HIS STREETS.

ON THE DRUG FRONT, I ASK CONGRESS TO ENACT A LAW REDUCING THE AMOUNT OF DRUGS IN A SUSPECT'S POSSESSION FOR HIM TO BE CHARGED WITH DRUG TRAFFICKING.

WE WILL UPHOLD LAW AND ORDER THROUGH A HOLISTIC RESPONSE CONSISTING OF POLITICAL, ECONOMIC, PSYCHOSOCIAL AND SECURITY COMPONENTS. WE WILL MEET THE DEFENSE AND SECURITY CHALLENGES OF THIS ERA. TO ACHIEVE THIS END, WE HAVE EARMARKED ADDITIONAL FUNDING IN SEVERAL BILLIONS OF PESOS FOR THE AFP MODERNIZATION PROGRAM.

WE HAVE GIVEN THE ARMED FORCES AND THE POLICE THE LEEWAY TO FIGHT A TREACHEROUS AND ELUSIVE ENEMY IN BASILAN. BUT IT MUST END, AND IT WILL END SOON, FOR GOOD. THE LEADERSHIP OF THE ABU SAYYAF HAS STARTED TO FALL. THE CRACKDOWN HAS NEUTRALIZED 130 OF THEM. MANY OF THEM HAVE COME DOWN FROM THE MOUNTAINS BECAUSE THEY HAVE BEEN ABANDONED BY THEIR LEADERS. ITAGA NINYO SA BATO: TATAPUSIN NATIN ITO.

ON THE PEACE PROCESS, WHILE THE AFP STANDS READY TO PROTECT OUR PEOPLE AT A MOMENT'S NOTICE, WE WILL CONTINUE TO TALK WITH THE MORO ISLAMIC LIBERATION FRONT AND THE NATIONAL DEMOCRATIC FRONT AS LONG AS ALL SIDES MAINTAIN GOOD FAITH. OUR CEASEFIRE AGREEMENT WITH THE M.I.L.F. LAST MONTH ENCOURAGED US IN THIS.

TO ATTAIN OUR FULL POTENTIAL AS A NATION, LET US COME TO TERMS WITH THE FUNDAMENTAL ISSUES IN MINDANAO. LET US FORGE CONSENSUS ON A JUST, LASTING, AND HONORABLE PEACE IN OUR COUNTRY. PEACE AND DEVELOPMENT ARE INSEPARABLE TWINS. BUT OUR FRAMEWORK MUST NOT COMPROMISE CONSTITUTIONALITY, NATIONAL SOVEREIGNTY AND TERRITORIAL INTEGRITY. INSTEAD, LET US RECOGNIZE THAT WE HAVE A MULTI-ETHNIC SOCIETY WHICH SHOULD BE FOUNDED ON SOCIAL JUSTICE FOR ALL AND INSTITUTIONALIZED ACCOMMODATION OF ETHNIC TRADITIONS. THIS WOULD FINALLY INTRODUCE A NEW CULTURE IN OUR NATION'S ATTITUDE TOWARDS MINDANAO.

WE WILL ALSO INTRODUCE A NEW CULTURE IN GOVERNANCE: A CULTURE OF PLAIN TALK AND COMMON SENSE.

CABINET SECRETARIES WILL DO LESS CLUSTER AND INTER-AGENCY COMMITTEE WORK SO THEY CAN CONCENTRATE ON RUNNING THEIR DEPARTMENTS. LESS MEETINGS, MORE ACTION, MORE TANGIBLE RESULTS WHETHER IN GENERATING JOBS, IMPROVING PEACE AND ORDER, OR FIGHTING GRAFT.

I THROW FULL SUPPORT BEHIND B.I.R. COMMISSIONER RENE BANEZ. HE HAS UNDERTAKEN A MISSION MANY BELIEVE IMPOSSIBLE: OVERHAULING THE BIR WHICH ACCOUNTS FOR 80 % OF OUR TAX REVENUES.

RENE HAS BEEN THREATENED. HE HAS BEEN BLOCKED BY RESTRAINING ORDERS AT EVERY TURN. AFTER THE SUPREME COURT RULED IN HIS FAVOR, HE WAS ACCUSED OF THE VERY CORRUPTION HE IS STAMPING OUT.

THIS MAN NEEDS FRIENDS WHO SHARE HIS GOALS, AND I KNOW HE WILL FIND THEM IN THIS YOUNG CONGRESS.

THE BUREAU OF CUSTOMS IS EXCEEDING COLLECTION TARGETS. BUT THE ANTI-SMUGGLING DRIVE MUST BE RELENTLESS. SO MUST THE DRIVE AGAINST THE HARASSMENT OF LEGITIMATE BUSINESSMEN DOING LEGITIMATE IMPORTS. I CALL ON ALL CONCERNED TO HELP END THE OPEN-DRAWER SYNDROME.

BUT THE GOVERNMENT CANNOT DO IT ALONE. IT CANNOT DO IT ALONE IN CUSTOMS, IT CANNOT DO IT ALONE IN FIGHTING GRAFT, IT CANNOT DO IT ALONE IN FIGHTING POVERTY. I AM NOT A MIRACLE WORKER. ALL OF US DO OUR SHARE. WE HAVE TO THINK FILIPINO, BUY FILIPINO, INVEST FILIPINO. I INVITE THE TAIPANS AND OTHER BUSINESS PEOPLE ALL OVER THE COUNTRY TO START PUMP-PRIMING THE ECONOMY BY INVESTING ONCE AGAIN IN THE PHILIPPINES. I INVITE YOU TO CREATE JOBS, ACCELERATE PROGRESS, AND THEREBY ADDRESS THE ROOT CAUSES OF THE CRIME AND UNREST THAT SO MUCH ALARM US.

SA MADALING SALITA, MGA KABABAYAN, MAGKAISA TAYO AT MAGTULUNG-TULONG UPANG LABANAN ANG SALOT NG KAHIRAPAN AT ISULONG ANG KASAGANAAN, KAPAYAPAN, AT KATARUNGAN SA BAYAN. MAGKAISA TAYO. LABANAN ANG KAHIRAPAN.

MARAMI NA AKONG SINABI TUNGKOL SA GAGAWIN KO. SUBALIT MABIBIGKAS SA ILANG SALITA LAMANG ANG PAKAY NG LAHAT NG MGA PLANO, PROGRAMA AT PANUKALANG TINUKOY KO: TRABAHO, EDUKASYON, SARILING TAHANAN, PAGKAIN SA BAWAT MESA.

SA LAHAT NG MABIBIGAY KO SA BAYAN, KABUHAYAN, KARUNUNGAN, TAHANAN AT PAGKAIN PARA SA MASA ANG IPAGMAMALAKI KO NANG HIGIT SA LAHAT.

LAHAT NG ITO AY PARA SA MGA KABATAANG TULAD NILA JAYSON, JOMAR AT ERWIN, AT SA MAGIGING ANAK NILA DAHIL TUNGKULIN NATIN ITO SA MGA DARATING NA HENERASYON.

MGA KABABAYAN, NAIS KO PONG IPAKILALA SA INYO ANG MGA ANAK NG PAYATAS. ETO SINA JASON, JOMAR, AT ERWIN.

SALAMAT SA INYO, JASON, JOMAR AT ERWIN. SALAMAT AT SUMULAT KAYO SA AKIN NG MGA LIHAM NA GINAWA NINYONG BANGKANG PAPEL AT PINALUTANG SA PASIG.

JASON, JOMAR AT ERWIN, PAKINGGAN NINYO AKO.

PAPARAMIHIN NATIN ANG MGA KABABAYANG MAY TRABAHO. PAPARAMIHIN NATIN ANG MGA BATANG MAKAPAG-AARAL SA KOLEHIYO. PAPARAMIHIN NATIN ANG MGA KABABAYANG MAY SARILING TAHANAN. PAPARAMIHIN NATIN ANG PAMILYANG MAY PAGKAIN SA MESA. ANG PANGARAP NINYO AY PANGARAP KO RIN.

MAGKAISA TAYO UPANG LAHAT NG KABATAAN – KASAMA ANG KANILANG MAGULANG – AY MAGKARON NG BAGONG BUHAY AT BAGONG PAG-ASA SA HINAHARAP.

TRABAHO. TAHANAN. EDUKASYON. PAGKAIN SA BAWAT MESA.

SALAMAT, JAYSON, JOMAR AT ERWIN. PINA-ALALA NINYO SA AKIN ANG NAPAKAHALAGANG TUNGKULIN KO.

PINA-ALALA NINYO SA AMING LAHAT KUNG BAKIT KAMI AY NARITO NGAYON SA BULWAGANG ITO.

MGA SENADOR AT KONGRESISTA: IPANGAKO NATIN SA KANILA, SA HARAP AT SA TULONG NG POONG MAYKAPAL, NA SA MGA SUSUNOD NA ARAW, BUWAN AT TAON, TAYONG MGA HINALAL, TAYONG MAY PANANAGUTAN SA KANILANG KINABUKASAN, AY HANDANG MAGSAKRIPISYO AT MAGKAISA PARA SA KABUTIHAN, KAUNLARAN, KATATAGAN NG BAYAN AT SA KINABUKASAN NG KABATAAN.

JASON, JOMAR, AT ERWIN, HINDI NAMIN KAYO BIBIGUIN.

I AM NOT A MIRACLE WORKER. BUT I WILL DO WHAT IS RIGHT. I WILL DO MY BEST. LET US ALL DO WHAT IS RIGHT. LET US ALL DO WHAT IS BEST. AND GOD WILL TAKE CARE OF THE REST.

MARAMING SALAMAT SA INYONG LAHAT.

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