



A BRIEFER ON THE

STATE OF THE NATION 2023

A review of President Marcos' Second State of the Nation Address, Key Leadership Shifts, and Legislative Priorities



Overview

President Ferdinand “Bongbong” Marcos Jr. (PBBM) delivered a 1 hour and 10 minute State of the Nation Address (SONA) at the Batasang Pambansa in Quezon City last July 24, 2023.

Whereas PBBM's first SONA came as the administration began planning the country's post-pandemic recovery, his second took place right after the lifting of the state of public health emergency. PBBM has been firm in signaling the end of a pandemic-mindset, barely mentioning COVID-19 in his speech, and shifting health priorities towards nutrition and healthy lifestyles. He emphasized that **the easing of pandemic restrictions played a significant role in stimulating the economy**, and that this trend would continue as we further move beyond COVID.

Acknowledging inflation as the country's biggest problem this past year, he shared that this restimulated economy, a steady flow of remittances, and an active Business Process Outsourcing (BPO) industry has helped stabilize prices, expecting inflation rates to decline from the current 4.79% to just 2.9% by 2024.

He proceeded to discuss the status and strategies for a comprehensive list of sectors, **prioritizing agriculture, economy, and both digital and physical infrastructure**. Notably missing this year was any discussion on the transportation sector, where more than 200,000 jeepney drivers were concurrently on strike to protest the ongoing jeepney phase-out project.

Most of the SONA was positive because of PBBM's numerous points on progress across different sectors. PBBM then ended his address with conviction, proudly declaring, **“The SONA is sound and improving. Dumating na po ang Bagong Pilipinas,”** believing that the Philippines has continued to thrive since he assumed office.



Highlights and Plans



Economy

Our economy posted its highest growth rate in 46 years despite global challenges in 2022. The government expects more revenue from higher taxes on single use plastics, digital services, mining, road users, and the uniformed personnel pension reforms.



Education

The government will recalibrate the K to 10 curriculum to ensure its relevance and responsiveness to international standards.

The PBBM administration vowed to push the Magna Carta of Filipino Seafarers bill into law. The Filipino seafarers also maintained their competitive advantage, with the European Union recognizing their training standards after 17 years.



Peace and Order

The government continues to modernize and strengthen the Police and Armed Forces, while they gave the anti-drug initiative a new face through the Buhay Ingatan, Droga'y Ayawan or BIDA Program.



Agriculture

The government supports farmers and farmlands through provision of local bio-fertilizers, modern agricultural machinery and equipment, and improvement of the Geo-Agri map of farm-to-market roads. Meanwhile, the revision of the Fisheries Code protects the interests of fisherfolk and aquatic resources.



Energy

The price of crude oil has stabilized, while the pursuit for total household electrification and the green energy agenda continues, especially with the establishment of the Unified National Grid and new power plants.



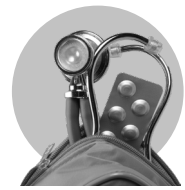
Digitalization

The Philippines continues to move forward with digitalization, with the accelerated digital transformation of payment systems and launch of the National ID system, eGov PH app, and DMW Mobile for OFWs.



Business

The CREATE Law helped cultivate a business-friendly environment by lowering the percentage and corporate income tax.



Health

The administration recently launched the Food Stamp Program (FSP) for the million most food-poor Filipinos, and noted the increase in public health facilities, lowered prices of medications, and improvement of PhilHealth.

He also emphasized the need to take care of our healthcare workers to reach our goals of Universal Healthcare, and announced plans of an expanded nursing education program and release of COVID allowance funds.



Infrastructure

The recently enacted Maharlika Investment Fund will be able to support the funding of the government's "Build Better More" program.



Foreign Affairs

Marcos emphasized his independent Foreign Policy—"a friend to all and enemy of none"—having been effective, as proven by the formed strategic alliances with traditional and newfound international partners.



First Year Legislative Priorities

In last year's SONA, PBBM declared a total of 19 priority bills. Of these, only the New Agrarian Emancipation Act and the Amendments to the Armed Forces of the Philippines' Fixed Term have been enacted into law.

As the Department of Agriculture (DA) Chief, PBBM has focused on various efforts to boost local agricultural production, especially after the 2022 sugar crisis. At present, the New Agrarian Emancipation Act is the agency's most significant achievement under PBBM's leadership, freeing more than 600,000 beneficiaries of their 57-billion-Peso debt.

Meanwhile, the Armed Forces of the Philippines' Fixed Term hints at PBBM's continuity government and his promise of rightsizing bureaucracy.

Most of Marcos' 2022 SONA Priorities are still pending

Signed into Law	2
Approved in one Chamber	4
Pending in one or both Chambers	11

Upholding his commitment to supporting those most affected by the pandemic, the Marcos administration provided social assistance in partnership with local government units (LGUs) and the private sector. Some of the administration's achievements include the DepEd Partnership Assistance Portal, Medical Assistance for Indigent Patients (MAIP), and the Balik-Scientist Program.

PBBM's administration also passed the Subscriber Identity Module (SIM) Card Registration Act from Duterte's administration, a proof of continuity in his governance. Moreover, he resumed the previous administration's infrastructure initiatives with his own "Build Better More" program, currently having 194 projects in line.

Last year, he substantiated the promise for more specialty hospitals with the establishment of both the Virology Institute and Center for Disease Control, but these initiatives remain pending in Congress and weren't mentioned again.

2022 Legislative Highlights



AFP Fixed Term (RA 11939)

Enacted. This law removes the provision on fixed terms for members of our armed forces, and replaces it with a maximum number of tours instead.



New Agrarian Emancipation Act (RA 11953)

Enacted. Under this law, the unpaid amortizations, interest payments, surcharges and penalties of existing loans of Agrarian Reform Beneficiaries (ARBs) shall be condoned and written off.



SIM Card Registration Act (RA 11934)

Enacted. Mandates the registration of SIM cards before activation to curb cyber criminal activities. This law, vetoed by former President Rodrigo Duterte, was the first bill enacted by the 19th Congress.



E-Governance Act

Pending. Institutionalizes the government's shift to E-Governance for faster and improved delivery of services to the public.



2023 Legislative Priorities

The Legislative Executive Development Advisory Council (LEDAC) added 24 more bills to the administration's priorities this past year, such as the Local Government Unit Income Classification, Philippine Salt Industry Development Act, and the Maharlika Investment Fund bill. The latter was announced in December 2022 and quickly signed into law seven months later.

In his second SONA, PBBM mentioned the addition of eight bills, namely the:

- Amendment of the Fisheries Code
- Philippine Immigration Act
- Amendment of the Cooperative Code
- New Government Procurement Law
- New Government Auditing Code
- Anti-Financial Accounts Scamming
- Tatak-Pinoy (Proudly Filipino) Law
- Blue Economy Law

Economy, Health, and Governance have been top priorities.

Multiple tax reforms, the establishment of new medical facilities, and laws related to modernizing our government processes make up more than half of the LEDAC's priority bills.

Economy	11
Governance	8
Health	7
Peace	6
Agriculture	5
Energy	4
Migrant Workers	3
Infrastructure	2
Technology	2
Labor	2
Foreign Affairs	1

2023 Legislative Highlights



Maharlika Investment Fund (RA 11954)

Enacted. This law establishes the Maharlika Investment Fund, which will be used by the government to invest in key sectors such as foreign currencies, domestic and foreign corporate bonds, and commercial real estate.



Waste to Energy Bill

Pending. Regulates the disposal, treatment and processing of non-recyclable waste materials into usable heat, electricity, or fuel.



The Government Procurement Reform Act

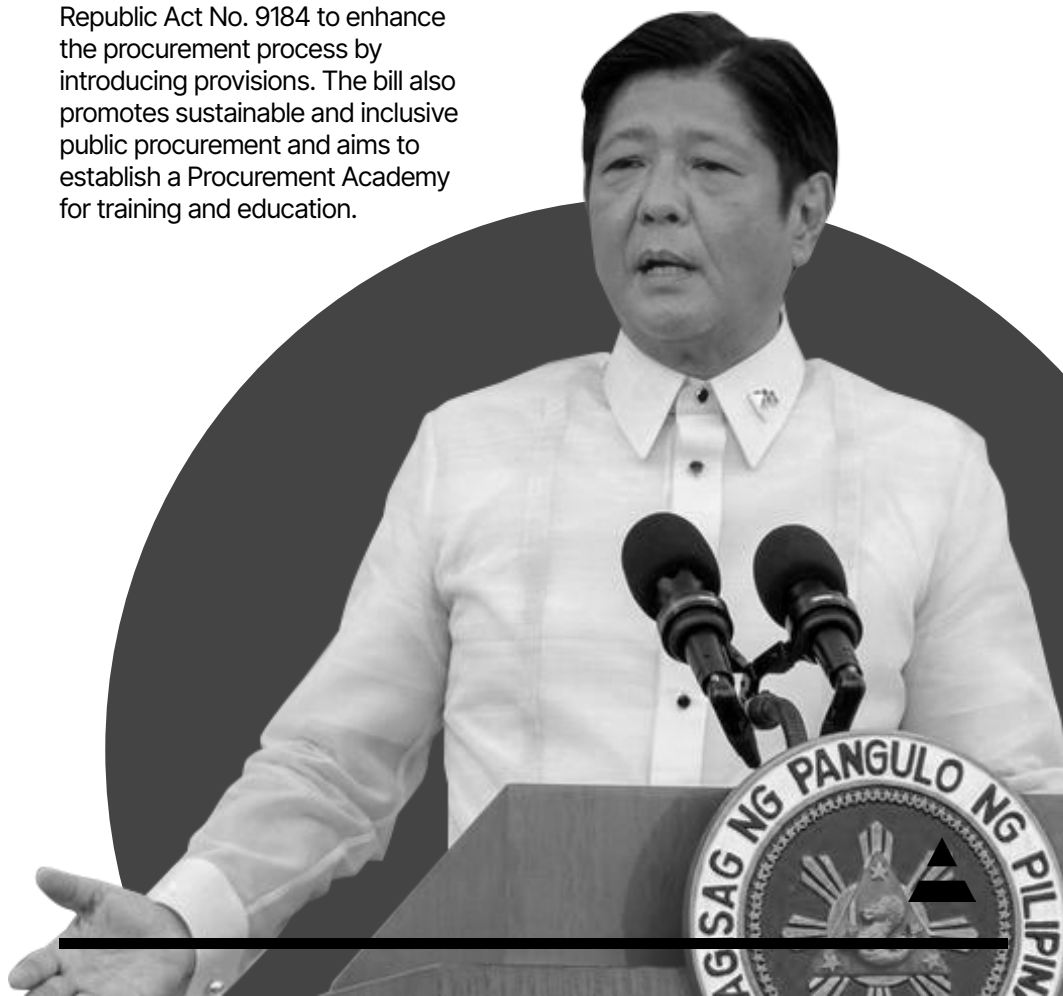
Pending. Proposes amendments to Republic Act No. 9184 to enhance the procurement process by introducing provisions. The bill also promotes sustainable and inclusive public procurement and aims to establish a Procurement Academy for training and education.



Medium Term Fiscal Framework (MTFF)

PBBM has a number of policies to address current economic issues, including:

- **Single-use Plastic Bags Tax Act Pending.** Imposition of excise tax for every kilogram of Single Use Plastic removed from the place of production or released from custody of the Bureau of Customs (BOC)
- **Digital Services Tax Bill Pending.** Amends the Internal Revenue Code in order to levy a 12% indirect tax on digital transactions. It is expected to generate PHP 145 billion in revenue from 2024 to 2028.



Key Leadership Shifts

One of the major criticisms against PBBM's first year was the vacancies in his cabinet, as many felt that the Department of Health (DOH), Department of National Defense (DND), and DA urgently needed to be led by full-time appointees.

While PBBM continues to act as DA Secretary until he finds a suitable agriculture expert to take over, he was finally able to appoint a Health and Defense secretary last June. Later that month, he also appointed a new Governor for the Bangko Sentral ng Pilipinas after Felipe Medalla ended his term.

Meanwhile, the House of Representatives underwent a controversial shift when former President Gloria Macapagal Arroyo (GMA) lost her Senior Deputy Speaker position to 3rd District Rep. Aurelio Gonzales Jr. This was suspected to be due to rumors of her planning a coup to oust Speaker Martin Romualdez. Both Arroyo and House Speaker Romualdez denied any rumors of destabilization in the House.

Soon after GMA's demotion, her close ally Vice President Sara Duterte announced her resignation from Lakas-Christian Muslim Democrats (Lakas-CMD) over concerns on "political toxicity" or "political power play." The vice president's relationship with Romualdez later turned sour after both parties released several statements questioning one another's motives.



Ted Herbosa
Secretary of Health

- Herbosa previously served as an Undersecretary at the Department of Health from 2010 to 2015
- Served as a special adviser to the National Task Force Against COVID-19 and was also an international consultant in several countries



Gilbert Teodoro, Jr.
Secretary of Defense

- The former Congressman of the First District of Tarlac
- Served as the Secretary of Defense during former President Gloria Macapagal-Arroyo's administration
- Ran for President in 2010, and most recently ran for Senator in 2022. His appointment came shortly after the one-year ban on appointing losing election candidates lapsed.



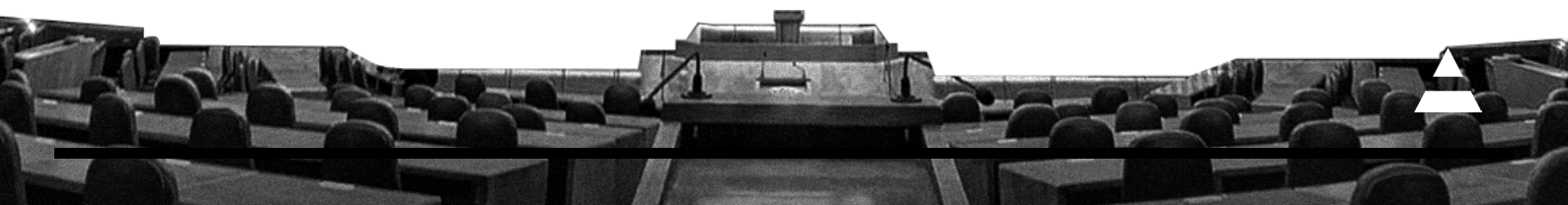
Eli Remolona
Bangko Sentral ng Pilipinas Governor

- Appointed on June 23, 2023, Remolona was a former Monetary Board Member (MBM).
- Has extensive international experience in central banking, having worked for 14 years at the Federal Reserve Bank of New York, and for 19 years at the Bank for International Settlements in Switzerland and Hong Kong.



Aurelio Gonzales
Deputy Speaker 19th Congress

- Pampanga 2nd District Rep. Aurelio "Dong" Gonzales is also the National Treasurer of the PDP Laban Party. He is a fellow Kapampangan, and a close ally of GMA.
- He was appointed to replace GMA after rumors that she was aiming to become Speaker of the House.



PBBM's 2nd SONA in Numbers

6%

World Bank Projected
GDP Growth in 2023

>70,000

Land Titles Distributed
to ARBs

1.8M

Families Benefited from
Over 7,000 Kadiwa in the
Country

80%

Routine vaccination rates for
Measles, Rubella, and Polio
among Filipino children

3,400

Newly planned Public
Health Facilities

60

Specialty Centers
Opened Across the
Country

28.4M

Learners Returning
Face-to-Face this
School Year

PHP8.3T

Investment for the "Build
Better More" Program

PHP117B

Pag-IBIG Housing Loans,
the Highest Recorded for
One Year

25

Locations Across the
Country for the Pambansang
Pabahay Para sa Pilipino
Housing

\$32.5B

Record high OFW
remittances in 2022

5M

Filipinos provided with
Livelihood by 3 million
International Tourist Arrivals in
the First Half of the Year

62%

Increase in OFW
deployment

95.7%

Employment Rate in
May 2023

\$71B

Pledged to the
Philippines from 13
International Trips

42%

Proportion of Digital
Payments Made in 2022



Conclusion

The first year of any President sets the direction for his administration. If the Duterte administration had a clear focus on the war on drugs, anti-corruption, and infrastructure, the Marcos administration seems to be heading towards broader economic solutions for the future of the country.

The Maharlika Investment Fund, which he signed into law just days before his second SONA, is being poised as a strategic financing channel for all priority projects, "absent any political influence." Now, many are eagerly awaiting to know who will make up the management and investment council to ensure the proper use and safeguarding of these funds.

PBBM continued his calls towards helping the agricultural sector, with some of his biggest wins being direct assistance through the Agrarian Emancipation Act and thousands of Kadiwa centers across the country. However, his long-term goals of strengthening the value chain and improving farm-to-market access still need to see more concrete progress.

The President also emphasized the urgent need for digitalization for both ease of doing business and good governance. He noted that the modernization of government processes is crucial in fighting against graft and corruption while convenient online services, e-payments, and faster internet speeds improve efficiency. As of now, the e-governance act he deemed a priority last year is still pending in Congress.

The twelve priority bills he closed his speech with focused primarily on these same concerns: **economy, agriculture, and efficient governance**. PBBM continues to enjoy the strong support from both chambers of Congress, as evidenced by the immediate passage of Maharlika Bill, but it remains to be seen which, if any, of these other priorities will be expedited as well.

PBBM laid claim to much success in his first year, and continued to make major promises to improve the general livelihood of all Filipinos. The question now is how soon, and how strongly, these initiatives will be felt by the general public amid the ever-present struggle of rising prices, food security, and alleged corruption and incompetence in the government.





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