

**STATE OF THE NATION ADDRESS
OF
HIS EXCELLENCY FERDINAND R. MARCOS JR.
PRESIDENT OF THE PHILIPPINES
TO THE CONGRESS OF THE PHILIPPINES**

[Delivered at the Session Hall of the House of Representatives, Batasang Pambansa Complex, Quezon City on July 25, 2022]

Vice President Sara Zimmerman Duterte; Former Presidents Joseph Ejercito Estrada, Gloria Macapagal-Arroyo and Rodrigo Roa Duterte; Senate President Juan Miguel Zubiri and the honorable members of the Senate; House Speaker Ferdinand Martin Romualdez and the honorable members of the House of Representatives; Chief Justice Alexander Gesmundo and the honorable Justices of the Supreme Court; the Apostolic Nuncio Most Reverend Charles John Brown and the esteemed members of the diplomatic corps; the honorable members of the Cabinet; our First Lady Louise Araneta-Marcos and our children [*applause*]; distinguished guests; ang mga minamahal kong mga kababayan; ladies and gentlemen; magandang hapon po sa inyong lahat.

I come before you today to address you, as it is my duty as President of the Republic.

We live in difficult times brought about by some forces of our own making, but certainly, also by forces that are beyond our control.

But we have, and we will continue to find solutions.

And these are some of them.

In terms of the economy, we will implement a sound fiscal management.

Tax administration reforms will be in place to increase revenue collection.

Expenditure priorities will be realigned, and spending efficiency will be improved to immediately address the economic scarring arising from the effects of COVID-19, and also to prepare for future shocks.

Productivity-enhancing investments will be promoted.

Our country must become an investment destination, capitalizing on the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Law and the economic liberalization laws such as the Public Service Act and the Foreign Investments Act.

Ecozones will be fully supported to bring in strategic industries such as those engaged in high-tech manufacturing, health and medical care, and all emerging technologies.

This is also seen to facilitate economic growth outside of Metro Manila.

Our tax system will be adjusted in order to catch up with the rapid developments of the digital economy, including the imposition of value-added tax on digital service providers.

The initial revenue impact will be around Php 11.7 billion in 2023 alone.

Tax compliance procedures will be simplified to promote ease of paying taxes.

We will pursue measures to determine possible undervaluation and/or trade misinvoicing of imported goods.

Through information and communications technology, the Bureau of Customs will promote streamlined processes.

Disbursements for 2022 to 2023 will be maintained at above 20 percent of gross domestic product or Php 4.955 trillion and Php 5.086 trillion, respectively, to ensure continuous implementation of priority programs.

Disbursement will further increase over the medium-term from Php 5.402 trillion or 20.7 percent of our GDP in 2024 to Php 7.712 trillion or 20.6 percent of GDP in 2028.

The Medium-Term Fiscal Strategy of this administration seeks to attain short-term macro-fiscal stability while remaining supportive of the country's economic recovery and to promote medium-term fiscal sustainability. Furthermore, and more importantly, fiscal policy aims to bring together the National Government's resources so that these are mobilized and utilized in order to gain the maximum benefit and the high multiplier effects for our economy.

Measurable medium-term macroeconomic and fiscal objectives include the following headline numbers. These are based on forecasts that are consistent with the guiding principles of coherence of strategies, policy discipline and fiscal sustainability.

- 6.5 to 7.5% real gross domestic product (GDP) growth in 2022;
6.5 to 8% real GDP growth annually between 2023 to 2028
- 9% or single-digit poverty rate by 2028
- 3% National Government deficit to GDP ratio by 2028
- Less than 60% National Government debt-to-GDP ratio by 2025
- At least 4,256 USD income (GNI) per capita and the attainment of upper middle-income status by 2024

The aforementioned headline goals summarize the objectives of this Medium-Term Fiscal Strategy (MTFF) being submitted to Congress, for its adoption and concurrence through a Concurrent Resolution by the Senate and House of Representatives.

Once adopted, the MTFF will become an anchor for the annual spending and financing plan of the National Government and Congress when preparing the annual budget and undertaking related appropriation activities. It is therefore a forward-looking document that extends beyond the traditional three-year horizon to reach six (6) years, coinciding with the six-year coverage of the Philippine Development Plan (PDP) 2023 to 2028.

The MTFF also promotes transparency and credible commitment to pursue the indicated socio-macroeconomic goals that optimize the government budget.

Medium-term growth targets and the assumptions regarding key macroeconomic variables underpin the medium-term fiscal plan. The recent past and the COVID-19 pandemic has beset the macroeconomic environment with challenges and a series of external shocks. Inflation has accelerated in recent months due largely to significant increases in international prices of oil and other key commodities.

Still, the economic growth momentum remains firm as demonstrated by the strong 2022 first quarter GDP growth at 8.3 percent. However, the recovery process from the impact of the pandemic is still on-going amid elevated uncertainty in the international economic environment. Revisions in the macro-economic assumptions incorporate these challenges and most recent economic developments, leading to upward adjustments in the following:

- Inflation rate for 2022 to 2023;
- Foreign exchange rate for 2023 to 2025; and
- Goods and services imports growth for 2022

The economy is expected to grow by 6.5 to 7.5 percent this year as we continue to reopen the economy while considering the recent external developments.

In the first quarter alone, GDP saw an increase in household consumption and private investments, along with a robust manufacturing industry, high vaccination rate, improved healthcare capacity, and an upward trend in tourism and employment. This is expected to continue for the rest of the year. This strong economic growth is projected to be sustained and expanded further to 6.5 to 8 percent from 2023 until 2028.

The average inflation for 2022 is projected to range from 4.5 to 5.5 percent, following the uptick in fuel and food prices as a result of the ongoing Russia-Ukraine conflict and the disrupted supply chains.

It is slightly adjusted to 2.5 to 4.5 percent in 2023, and is seen to return to the target range of 2.0 to 4.0 percent by 2024 until 2028.

Dubai crude oil price is expected to settle at 90 to 110 USD per barrel in 2022, 80 to 100 USD per barrel in 2023, and 70 to 90 USD per barrel from 2024 onwards as oil supply is expected to catch up and stabilize over the medium-term.

The Philippine peso is projected to average between 51 to 53 PhP per US dollar in 2022 and 51 to 55 PhP per US dollar from 2023 onwards due to aggressive monetary policy tightening by the US Federal Reserve, market aversion amid the Russia-Ukraine conflict, and again, increased global oil prices.

Lastly, exports of goods are expected to grow by 7 percent in 2022, and 6 percent from 2023 to 2028.

On the other hand, imports of goods are projected to grow by 18 percent in 2022, 6 percent in 2023, and 8 percent from 2024 to 2028.

I have instructed the NEDA to coordinate with other agencies and work on the Philippine Development Plan for 2023 to 2028 and to submit to me the complete blueprint and progress of its implementation not later than year-end.

One of the main drivers of our push for growth and employment will be in the agricultural sector.

With regard to food supply, we are confronted by a two-pronged problem: that which will hit us in the short term and that which will hit us in the long term.

Tayo ay nahaharap sa mga problemang kagyat nating mararamdaman at mga hamong pang-matagalan.

Ang mga suliraning agarang mararamdaman ng ating mga kababayan ay ang posibilidad ng tuloy-tuloy na pagsipa ng presyo ng pagkain at kakulangan sa suplay ng ating pagkain.

Upang masuportahan ang mga mamimili para mapanatili ang kanilang purchasing power o kapangyarihan sa pagbili, isinapinal ng Department of Agriculture ang planong taasan ang produksyon sa susunod na panahon ng pagtanim o planting season, sa pamamagitan ng tulong pinansiyal at teknikal.

Magbibigay tayo ng pautang, habang mas ilalapit natin sa sektor ng agrikultura ang hindi gaanong mahal na farm inputs na bibilhin na ng buldo ng gobyerno.

Kabilang dito ang abono, pestisidyo, mga punla, feeds, fuel subsidy at ayuda para sa mga karapat-dapat na benipisyaryo.

Para sa pang-matagalang solusyon: itataas natin ang produksyon ng mga kalakal at produktong pang-agrikultura. At para magawa ito, pagtitibayin natin ang tinatawag na value chain na nagsisimula sa mga magsasaka hanggang sa mga mamimili.

May mga bahagi ng value chain na sa ngayon ay kanya-kanya ang operasyon. Pagtibayin natin ang koordinasyon ng iba't ibang bahagi nito.

Ang pagsasaliksik para sa mga makabagong paraan ng pagtanim at pag-aalaga ng hayop ay masusing gagabayan ng Department of Agriculture.

Ang produksyon ng farm inputs o mga kakailanganin ng mga magsasaka sa pagpapalago ng kanilang sakahan ay ating iaayon sa mga hamong dala ng climate change at global warming.

Mahigpit na pagsusuri ang gagawin ng ating mga eksperto tungo dito. Ang mga pautang at financial assistance sa mga magbubukid at mangingisda ay magiging institusyon at patakaran ng aking administrasyon. *[applause]*

Ipaprayoridad natin ang modernisasyon ng mga sakahan sa pamamagitan ng mga makabagong teknolohiya para sa ating mga magsasaka. Ating palalawakin ang mga palaisdaan, babuyan at manukan. Lahat ng ito, gagamitan ng siyensya para tumaas ang produksyong agrikultural. *[applause]*

Maging ang post-production at processing ay susuportahan ng pamahalaan.

Gagawa tayo ng national network ng farm-to-market roads upang mas mabilis na mailakbay ng mga magsasaka ang kanilang mga produkto sa mga pamilihan.

At gagawa tayo ng mga paraan upang maramdaman ng mga mamimili ang pagluluwag ng presyo ng mga produktong pagkain sa kayang halaga, gaya ng muling pagbubuhay ng mga Kadiwa Centers.

Hindi ito magagawa sa isang araw, hindi magagawa sa isang buwan, o isang taon lamang.

Ngunit kailangan na natin simulan NGAYON. *[applause]*

Ang agrarian reform program ay dapat magpatuloy.

Agrarian reform is not only about acquisition, but also about support services and distribution.

To assist this, I intend to issue an executive order to impose a one-year moratorium on the payment of land amortization and interest payments. *[applause]*

This is included in Republic Act No. 11469 or the Bayanihan to Heal as One Act.

A moratorium will give the farmers the ability to channel their resources in developing their farms, maximizing their capacity to produce, and propel the growth of our economy. *[applause]*

The civil society organizations also support this because it will unburden the farmers of their dues and be able to focus on improving farm productivity.

Congress must also pass a law that will emancipate the agrarian reform beneficiaries from the agrarian reform debt burden, thereby amending Section 26 of Republic Act 6657.

IN THIS LAW, THE LOANS OF AGRARIAN REFORM BENEFICIARIES WITH UNPAID AMORTIZATION AND INTEREST SHALL BE CONDONED. *[applause]*

Layunin ng batas na ito ay burahin ang hindi mabayarang utang ng ating mga magsasaka na benipisyaryo ng agrarian reform.

Agrarian reform beneficiaries who are still to receive their awarded land under the comprehensive agrarian reform program shall receive it without any obligation to pay any amortization. *[applause]*

The condonation of the existing agrarian reform loan will cover the amount of 58.125 billion pesos benefiting 654,000 agrarian reform beneficiaries and involving a total of 1.18 million hectares of awarded lands. *[applause]*

Executive Order No. 75, Series of 2019 requires that all government agencies, bureaus, departments and instrumentalities to turn over agricultural lands to qualified agrarian reform beneficiaries.

At present we have a total of 52,000 hectares of unused agricultural lands of the government which shall now be used for distribution to the following sectors in accordance with Section 40 of the Republic Act No. 6657, as amended, thus:

- Landless war veterans
- Landless surviving spouse and orphans of war veterans
- Landless retirees of the Armed Forces of the Philippines and the Philippine National Police

Agricultural lands acquired under this program will be given to graduates of college degrees in agriculture who are landless. *[applause]*

The call of the times is for the infusion of fresh and new blood in the agricultural sector. We need a new breed of farmers equipped with modern agricultural technology able to engage in sustained scientific farming that will not only increase farm yields, but also resilience in the face of climate change. *[applause]*

They say that each brand has a story. As for the Filipino brand, ours is deeply rooted in our rich cultural heritage and the tourism sector plays an invaluable role in the promotion of the Filipino brand.

Tourism is not only an important economic development tool but the abundance of opportunities that the sector creates in terms of regular employment and even job creation at the grassroots level is undeniable.

To boost our tourism industry, we will first and foremost make basic developments such as road improvements for easier access to tourism spots. We will also upgrade our airports and create more international airports *[applause]* to help decongest the bottleneck in the Manila Airport.

We will also make it more convenient for travelers to go around the country, even to remote areas to help promote undiscovered tourist spots. This program will be led by the Department of Tourism, together with the Department of Public Works and Highways. *[applause]*

To foster the Filipino brand is to spark our sense of pride and reaffirm our strong sense of identity. It is time to welcome the rest of the world with an enhanced Filipino brand that is unique, attractive, and creative.

The creativity of the Filipino is truly world-class. We excel in arts and culture, new media, live events — avenues which generate primary and downstream jobs for our creative and talented countrymen. Unfortunately, ang mga hanapbuhay na ito ang unang pinadapa ng pandemya at ang pinakahuli namang makakabalik sa normal.

The creative industry likewise faces many challenges including workplace conditions, working hours, intellectual property rights, and the welfare of our beloved freelancers who were left vulnerable during the height of the pandemic.

We require an institutionalized creative industry that will advance the interests of its stakeholders — sila na nagbibigay ng kaluluwa at [pagkakilanlan] sa ating pagka-Pilipino. Protektahan natin sila. *[applause]*

The Department of Social Welfare and Development has a large part to play in all of this.

Magpapatuloy ang ating pagkalinga sa ating mga kababayan na lubos na nangangailangan.

Hindi po natin sila pababayaan.

Mangunguna sa pag-aagapay sa kanila ang Department of Social Welfare and Development.

Utos ko sa DSWD ang mabilis na pagtugon sa pangangailangan ng mga biktima ng kalamidad at mga iba't ibang krisis.

Ang mga field office nila ay inatasan na maagang maglagak ng family food packs at non-food essentials sa mga LGU, bago pa man manalasa ang anumang kalamidad.

Magdadagdag tayo ng mga operations center, warehouse at imbakan ng relief goods, lalo na sa mga malalayong lugar na mahirap marating.

Titiyakin natin na maayos ang koordinasyon ng DSWD at Department of Human Settlements and Urban Development ng sa ganun, madali ang pagpapatupad ng Emergency Shelter Assistance program para sa mga biktima ng kahit anong kalamidad. *[applause]*

Pagtitibayin pa natin ang komprehensibong programang 'Assistance to Individuals in Crisis Situations' o ang ating tinatawag na AICS, para maiparating ang tulong sa mas maraming biktima. *[applause]*

Hindi natin papahirapan ang mga biktima ng krisis na dudulog sa ahensiya — gagawin nating simple ang proseso ng paghingi at pagpaparating ng tulong. Dahil hindi naman dapat dinadagdagan pa ang hirap na nararanasan ng ating mga mamamayan.

Upang matiyak na mapupunta sa kwalipikadong mga pamilya ang tulong ng pamahalaan sa pamamagitan ng 4Ps o Pantawid Pamilyang Pilipino Program, titiyakin natin na malilinis ang listahan ng benipisyaryo. *[applause]*

Higit na sa isang milyong pangalan na ang naka-graduate na sa listahan. At nagagalak akong mabatid na sila ay nakakatayo na sa kanilang sariling paa.

Kaugnay nito ay inutusan ko ang DSWD na pag-ibayuhin pa ang pagrepaso ng listahan upang maitutok ang pamimigay ng sapat na ayuda sa mga lubos na nangangailangang pamilya.

Magpapatuloy ang supplemental feeding program para sa mga bata sa Child Development Centers at Supervised Neighborhood Play, at lalo pa nating palalawakin sa taong 2023. *[applause]*

Hindi rin natin nakakalimutan ang mga solo parents at mga nanay na nahiwalay sa kanilang mga mister dahil sa karahasan.

Pagtitibayin natin ang programa sa Violence Against Women and Their Children, kabilang na ang counselling para sa mga biktima, katuwang ang ating mga LGU.

Tiyakin natin na sapat ang pondo sa halos pitumpong residential care centers at pitong non-residential care centers para sa vulnerable sectors at persons with disabilities na sumisilong dito.

Sa ating sitwasyon ng pangkalusugan, nariyan pa rin ang banta ng COVID-19, lalo't may mga nadidiskubreng bagong variants ng coronavirus. Pero hindi na natin kakayanin ang isa pang lockdown. Wala na tayong gagawing lockdown. *[applause]*

Dapat nating balansehin nang maayos ang kalusugan at kapakanan ng ating mga mamamayan sa isang banda, at ang ekonomiya naman sa kabilang banda.

Nakikipagtulungan ang iba't ibang ahensya ng pamahalaan sa pag-monitor sa mga COVID-19 hospital admission upang makatiyak tayo na may sapat na kapasidad ang ating health care system at maiwasan ang pagsipa ng bilang ng nagkakasakit.

Patuloy din ang ating vaccine booster rollout para sa ating pangkalahatang depensa. *[applause]*

Sa ganitong paraan, kahit pa tumaas muli ang bilang ng mga COVID cases, mananatiling mababa ang bilang ng mga maospital at bilang ng mga namamatay.

Sa pamamagitan nito, unti-unti rin tayong masasanay na nariyan ang virus pero hindi na seryoso ang banta sa ating buhay.

Iaayon natin ang ating mga health protocols sa kung ano ang ating pangangailangan sa paglipas ng panahon at lalo pang iibayuhin ang kooperasyon kasama ang pribadong sektor upang tumaas pa ang kumpanyansa ng mga mamumuhunan, nang sa gayon ay bumalik na tayo sa "full capacity" lalong-lalo na ang ating mga negosyo. *[applause]*

Pagbubutihin pa natin ang pagpapakalat ng tamang impormasyon ukol sa COVID, kasama ang kahalagahan ng bakuna.

Mananatili muna sa ngayon ang ating Alert Level System natin. Pinapagaralan natin ang ibang paraan ng klasipikasyon upang mas babagay sa kasalukuyang sitwasyon lalong-lalo na sa pagbabago ng COVID.

Sa pakikipagtulungan ng Kongreso, itatatag natin ang ating sariling Center for Disease Control and Prevention at ang isang vaccine institute. *[applause]*

Magtatayo tayo ng dagdag na mga health center at ospital.

But beyond the issues that the pandemic has brought, the need for a stronger health care system is self-evident. We must bring medical services to the people and not wait for them to come to our hospitals and health care centers. *[applause]*

Napakinabangan natin nang husto ang malalaking specialty hospitals gaya ng Heart Center, Lung Center, Children's Hospital at National Kidney and Transplant Institute. Kaya maliwanag na na hindi lang dapat dito sa National Capital Region, kundi maging sa ibang parte ng bansa... *[applause and cheers]* Maliwanag na hindi lamang dapat dito lamang sa National Capital Region kundi maging sa ibang parte ng bansa kailangan magdagdag ng ganitong uri ng mga pagamutan. *[applause]*

Bukod dito, upang mailapit natin ang health care system sa taumbayan nang hindi sila kailangang pumunta sa sentro ng kanilang bayan, lalawigan o region, ay maglalagay tayo ng mga clinic, mga RHU na pupuntahan ng mga doktor, nurse, midwife, medtech, isang beses, dalawang beses sa isang linggo — nang sa gayon, magiging mas madali sa may karamdaman na magpapagamot nang hindi na kailangang magbiyahe nang malayo. *[applause]*

One of the cornerstones of a strong healthcare system is the provision of competent and efficient medical professionals. We will exert all efforts to improve the welfare of our doctors, our nurses, and other medical frontliners. *[applause]*

Dapat din tayong magkaroon ng sapat na suplay ng gamot na kinakailangan sa pang-araw-araw ng ating mga mamamayan.

Sinimulan ko na ang pakikipag-usap sa mga kumpanya ng gamot dito sa Pilipinas at sa ibang bansa. Hinihikayat natin na buksan nila ang merkado upang bumaba ang presyo ng gamot. *[applause]*

Halimbawa, kung mas marami ang mas murang generic o hindi branded na gamot sa merkado, mas bababa rin ang presyo dahil sa kumpetisyon.

Ang Department of Trade and Industry ay nakikipag-usap sa mga interesadong manufacturer ng generic drugs na papasok sa ating bansa. *[applause]*

Inuutusan ko naman ang Philippine Competition Commission na pantay-pantay dapat at walang kartel sa hanay ng mga pharmaceutical companies.

[applause and cheers] Dahil kapag bukas ang merkado, bababa ang presyo ng gamot para mapakinabangan ng ating mga mamamayan.

This is one of the hard lessons that we learned when the pandemic struck, and therefore, we must act on that shortcoming. *[applause]*

In the educational sector, I believe it is time for our children to return to full face-to-face classes once again. *[applause]*

The Department of Education, led by our highly able Vice President Sara Duterte, *[applause]* is now preparing for its implementation in the upcoming school year, with utmost consideration for the safety of students, as we are still in the middle of the COVID-19 pandemic.

We must ensure that our classrooms are safe for teachers, for students, and the entire academic community when they return to face-to-face classes.

We continue to encourage everyone to get their booster shots in preparation for the resumption of in-person classes. *[applause]*

This is one of the reasons I have directed the Department of Health (DOH) and the Department of the Interior and Local Government (DILG) to undertake another rollout of booster shots. *[applause]*

The condition and availability of school rooms for our students must also be addressed, again, in coordination with the Department of Public Works and Highways.

Though some complications have arisen over the question of repair of school buildings in relation to the Mandanas-Garcia ruling, this will be ironed out.

We have been in discussion with local government leaders, Governors and Mayors, in the last few weeks to determine, with the LGUs, what is actually practicable, what functions belong to the LGUs and what belong to the National Government.

There have also been lengthy discussions on the continuation and viability of the K to 12 school system. We are giving this a careful review, and all necessary inputs and points of view are now being considered.

In the longer term, we are instituting a program of refresher courses and re-trainings for our teachers so they can stay abreast of the rapid growth in technology, especially in this post-pandemic world. *[applause]*

As for the 'horror' stories that we have heard about the poor quality of educational materials and supplies that are being given to our schools — this must end! *[applause]*

Our children must always be equipped with the best that we can provide.

Ang edukasyon ay ang tangi nating pamana sa ating mga anak na hindi mawawaldas. Kaya anumang gastusin sa kanilang pag-aaral ay hindi tayo nagtitipid. Hindi rin tayo nagtatapon.

And once again, I am not talking about history, or what is being taught. I am talking about materials that are necessary for effective teaching in this day and age.

Children now need connectivity to the internet; they need devices to use; they need computers, educational tools *[applause]* so that they might participate fully in the digital community here and abroad.

We must do better in the international rankings especially when it comes to the so-called STEM subjects: Science, Technology, Engineering and Mathematics.

These skills and this knowledge are necessary for our young people to be able to compete in a highly technological and competitive world.

The raw talent is there in our young people. It is up to our educational system to develop and to refine that great pool of talent. *[applause]*

Foreign employers have always favored Filipino employees because of our command of the English language. This is an advantage that we must continue to enjoy.

The internet has now become the global marketplace. Not only for goods services but also for ideas, even extending to our own personal interactions.

The language of the internet — for better or for worse — is English.

Therefore, the question of our medium of instruction must be continuously re-examined to maintain that advantage that we have established as an English-speaking people. *[applause]*

On a related subject, we are entering an age of exponential adoption of technology. It is the Fourth Industrial Revolution.

This will be characterized by the infusion of technology into almost every facet of our lives. Breakthrough technologies in the areas of quantum computing, artificial intelligence, nano technologies, the internet of things, robotics, self-driving electric vehicles, 3D printing, Virtual and Augmented Reality, among others that will radically transform the way business is done.

The scale and the speed at which these innovations are introduced universally into our everyday lives and activities is unprecedented in our recorded history.

We cannot stand idly by.

The mission of our Department of Information and Communications Technology is to identify and utilize these innovations to improve governance.

It has the daunting task now of transforming our government into an agile bureaucracy that is responsive to the needs of the public, provide good and solid data to ensure informed decision-making, as well as allow secure and seamless access to public services.

The voluminous records stored in the government warehouses and archives have to be digitized. Those that are already stored in various inventories of data should be harmonized and shared across departments and agencies.

Needless to say, these have to be kept in large data centers that are secure yet accessible.

The National ID will play an important part in this digital transformation. *[applause]*

For citizens to be able to seamlessly transact with government, their identity must be easily verifiable.

We expect to issue 30-million physical IDs and 20-million digital IDs by the end of this year. *[applause]* The target is to accomplish the issuance of about 92-million IDs by the middle of next year.

As the world moves into rapid digitalization, the digital divide will become more pronounced. The depth and breadth at which these technologies will be transformative in our lives is fully expected.

This will open new opportunities for the creation of wealth but will also likely create inequalities.

Hence, universal connectivity will be a vital component in order to ensure that no citizen is left behind. *[applause]*

I have therefore tasked the DICT to deploy digital connectivity across our various islands. This will be done through the implementation of the National Broadband Plan, the common tower program, connecting our Geographically Isolated and Disadvantaged Areas (GIDA) via our 'Broad Band ng Masa' project. *[applause]*

All relevant modes of digital transport should be utilized. These may be through a combination of terrestrial or submarine fiber optics, wireless and even satellite technology.

As our Public Service Act has opened the doors and removed the restrictions on foreign investment, we foresee an increase in direct investment of overseas players.

This will translate into better quality, availability and affordability of telecommunications services all over the country.

We come now to infrastructure. The backbone of an economy is its infrastructure.

The infrastructure program of the Duterte administration must not only continue but, wherever possible, be expanded. *[applause]*

We shall confidently build on this firm foundation established by my predecessor. As it is in building an edifice.

We must keep the momentum. And aspire to BUILD BETTER MORE.

Necessarily, infrastructure development will remain a very high priority in our drive for growth and employment.

Once again, I will not suspend any of the ongoing projects as those have already been shown to be of benefit to the public that they serve. *[applause]*

We will continue to study the proposals that have been made.

Infrastructure development spending will be sustained at 5% to 6% of GDP.

The planned expansion of infrastructure projects, I believe, would be possible if we continue to encourage the participation of the private sector in the development of our programs.

Public Private Partnerships or PPPs hold great potential for that expansion, *[applause]* for infrastructure development and for innovation.

Our infrastructure development is of primary importance as it is a necessary element to improve many other sectors — to include agriculture, tourism, general economic activity, and even to governance.

It is my belief also that we have missed some great opportunities to develop our rail transport system.

It is clear in my mind that railways offer great potential as it continues to be the cheapest way of transporting goods and passengers.

We can build upon already existing lines by modernizing these old railway systems.

There are dozens of railway projects – on the ground, above the ground, below ground, not just in Manila, but in other regions – at various stages of implementation, and with a combined cost of 1.9 trillion pesos. *[applause]*

This Administration is committed to finish building the current portfolio of investments: approved railway projects such as the North-South Commuter Railway System, *[applause]* the 33-kilometer Metro Manila Subway Project, the 147-kilometer North-South Commuter Railway System, the 12-kilometer LRT-1 Cavite Extension, *[applause]* the 23-kilometer MRT-7, and the Common Station that will connect LRT-1, MRT-3 and MRT-7.

And beyond NCR, larger scale railway systems like the 102-kilometer Mindanao Railway Project; *[applause]* the Panay Railway Project; *[applause]* and the Cebu railway system will be integrated as a vital part of our transport and communications systems.

We will also continue to improve our roads and transportation systems in key cities throughout the country through various projects such as the Cebu Bus Rapid Transit, Davao High Priority Bus System, Ilocos Norte Transportation Hub, and the El Nido Transport Terminal. *[applause]*

My order to the Department of Transportation or DOTr is really very simple: FULL SPEED AHEAD! *[applause]*

Improving our railway system, along with modernizing existing airports and seaports, will maximize our strategic location in the Pacific. And connect our many islands.

A key sector in our transformation plans is that of energy.

Another fundamental requirement for growth and increased employment will be the availability of cheap, reliable energy. This even comes under the category of “ease of doing business”. If we are to attract investors, both local and foreign, to set up shop here in the Philippines.

At present, our demand for energy far exceeds our reliable supply. We must increase the level of energy production. We must look at every possible option that would be appropriate for the Philippine situation. There is some room to expand our present power supply through existing power sources, but this is only to a very limited extent. We must build new power plants. *[applause]* We must take advantage of all the best technology that is now available, especially in the areas of renewable energy. *[applause]*

Our search for new power sources should always be with an eye to improving the mix of the energy supply between traditional and renewable sources.

The technology on renewable energy is progressing rapidly. And many of these technologies are appropriate for the Philippines. We have already begun windmill power. We are now expanding very quickly our solar power production.

For both offshore and on-shore wind turbines, for example, the World Bank has calculated that there is the potential of 255 gigawatts by the year of 2030. *[applause]*

Solar power has steadily increased its efficiency in converting sunlight to electrical power, which is particularly attractive for the Philippines. Because unlike wind power, solar power is practical almost everywhere in the Philippines all year round.

In the move to lowering our carbon footprint caused by energy production, our advancement to renewables will have a lead time.

In the interim, natural gas will hold the key. We will provide investment incentives by clarifying the uncertain policy in upstream gas, particularly in the area close to Malampaya.

This requires clarification of the processes and review of service contracts policy.

I believe that it is time also to re-examine our strategy towards building nuclear power plants in the Philippines. *[applause]*

We will comply of course with the International Atomic Energy Agency (IAEA) regulations for nuclear power plants as they have been strengthened after Fukushima. In the area of nuclear power, there have been new technologies developed that allow smaller scale modular nuclear plants and other derivations thereof.

Once again, PPPs will play a part in support as funding in this period is limited. *[applause]*

Furthermore, we must examine the entire system of transmission and distribution for the purpose of finding ways to lower the price of energy to the consumer and to industry.

We must expand the network of our transmission lines while examining schemes to improve the operation of our electrical cooperatives. All this in aid of reducing energy cost especially but not limited to households. *[applause]*

All this impetus for development and growth, we undertake within the context of accelerating climate change and extreme weather conditions.

Though we are a minor contributor to climate change globally, we have the unfortunate distinction of being one of the most vulnerable countries to the effects of climate change.

For the welfare of our people, it is incumbent upon us to alleviate the effects of that vulnerability.

The use of renewable energy is at the top of our climate agenda. We will increase our use of renewable energy sources such as hydropower, geothermal power, solar, and wind.

Geographically, we are a disaster-prone country. Capacity building for our natural disaster resiliency is therefore a must. Investment in science and technology is imperative to enable us to have accurate weather forecasts and on-time disaster alerts.

Studies show that already now many areas in the Philippines are at high risk from the rise in sea levels brought about by the increase in global temperature. We must adapt to this phenomenon with disaster-proof planning of our communities.

We will also look into the precarious fresh water supply situation in the country, especially in our urban areas. Many of our water supply systems date back to the 1950's, and they must now be rehabilitated and improved.

I have instructed the DENR together with the DPWH, to explore possible partnerships with the private sector to address this crucial situation.

The Philippines has excellent laws on the environment, but we have to guarantee that these laws are properly enforced. And this will require a great deal of coordination and cooperation between concerned government agencies and private stakeholders.

Companies who exploit our natural resources must follow the law. We all have the responsibility to preserve this Earth, for we are but custodians, and we will pass on this great treasure to future generations. *[applause]*

There is no question that the preservation of the environment is the preservation of life. *[applause]*

If we cannot mitigate climate change, all our plans for the economy, all our plans for our future, will be for naught.

Bawat Pilipino sa ibayong dagat na nagsasakripisyong lisanin ang kanyang pamilya sa Pilipinas upang mag-hanapbuhay ay nararapat lamang magkaroon ng pamahalaang matatawag nilang "tahanan" habang nasa ibang bayan. *[applause]*

Ito ang papel na gagampanan ng Kagawaran ng Manggagawang Mandarayuhan o Department of Migrant Workers matapos itong ideklara bilang ganap na ahensiya ng gobyerno noong isang taon. *[applause]*

Ang kagawarang ito ang magsisilbing kanlungan ng ating mga kababayan sa gitna ng mundong walang kasiguruhan at mahigpit na kumpetisyon. Ito ang maglalalatag sa kanila ng mga oportunidad; titiyak na ang kanilang mga hanapbuhay ay tugma sa kanilang mga kasanayan; maninigurong akma ang sahod at maayos ang kalagayan sa kanilang mga kumpanya; at mangangalaga sa kanilang mga pamilya habang sila ay nasa malayo.

Gagawin natin ito sa pamamagitan ng pag-aalis ng red tape sa sistema ng pagsusulong ng digital empowerment. We shall automate the verification of contracts and issue secure Overseas Employment Certifications (OEC) that you can keep on your smartphone. I call on the Department of Migrant Workers and the DICT to make this a top priority. *[applause]*

Tinatawagan ko rin ang Department of Foreign Affairs na makipagtulungan sa Department of Migrant Workers na tiyakin ang lahat ng mga diplomatic post ay tutulong na agarang maibalik sa trabaho ang mga ating mga Overseas

Filipino workers na nawalan ng hanapbuhay nitong nakalipas na ilang taon.
[applause]

Mula sa tatlong buwan ay gagawin na lang nating tatlong linggo para sa isang dayuhang employer na i-proseso ang mga papeles ng Pilipinong nais nitong kunin bilang empleyado. *[applause]*

Aatasan din natin ang kagawaran na gawing simple ang kumplikadong handbook ng mga tuntunin at regulasyon para sa mga OFW, nang sa gayon ay maging maalwan ang mga transaksyong may kinalaman sa kanilang pangingibang-bansa.

Mula sa handbook na may dalawang daan at apatnapung (240) seksyon ay gagawin nating pamphlet na lamang na hindi hihigit sa isandaang pahina.
[applause]

Mahirap na nga ang buhay, kaya naman ayaw pa natin makitang lalo pang nahihirapan ang ating mga manggagawang mandarayuhan sa pagtupad sa kanilang mga pangarap.

Para sa mga kababayan nating naiipit sa kaguluhan, inaabuso, at nanganganib ang buhay, ikinagagalak kong sa ilalim ng aking pamumuno, ay ilulunsad natin ang One Repatriation Command Center o ORCC. Ilalaan natin ang isang social media platform ng Department of Migrant Workers at ang hotline upang matulungan agad at mailigtas sila mula sa mas higit na kapahamakan.
[applause]

Noon, nangungutang pa ang isang ina ng bawat OFW upang sumakay ng barko para pumunta sa Maynila at mangatok sa iba't ibang ahensiya para mapauwi ang anak na inaapi. Ngayon, kami na ang tatawag sa mga magulang ng OFWs *[applause]* para sabihin sa kanila ang petsa kung kailan nila mayayakap at makakapiling ang kanilang mga anak. *[applause]*

Sa kasalukuyan ay nakikipag-ugnayan tayo sa pamahalaan ng Saudi Arabia upang buksang muli ang deployment. Kaya natin, at gagawin natin, ang makipag-negosasyon na mabigyan ang ating mga kababayan doon ng tamang pasahod, at mapangalagaan ang kanilang karapatan at kapakanan.

Muli nating pagtitibayin ang respeto at pagkakaibigan ng ating dalawang bansa tulad ng namagitan sa aking ama at sa kanilang hari.

Sa mga susunod na buwan ay magtutungo si Secretary Susan Ople sa Saudi Arabia upang tiyakin na may sapat na puwersang magsisiguro na

mabubuksang muli ang empleyo sa bansa, *[applause]* at para maisulong ang ating kampanya laban sa human trafficking.

Ngayon, para naman sa mga anak na naiwan sa Pilipinas. Titiyakin ng Department of Migrant Workers, sa pamamagitan ng OWWA, na sila ay maipapasok sa magagandang paaralang magtuturo sa kanila ng financial literacy, mental wellness, sports, sining at kultura. Ito ay mangyayari sa pakikipagtulungan ng iba't ibang ahensiya ng pamahalaan. Alagaan natin ang kabataang Pilipino sapagkat sila ang kinabukasan ng ating Inang Bayan. *[applause]*

Sa ating mga kababayan na nasa ibang bansa: You deserve a Home in Government not only for the money that you send home, but you are not cold tools of the economy. You deserve it for your sacrifices, for our country and your perseverance and excellence in the global arena.

You, OFWs, represent the fighting faith of the Filipinos as a nation and as a people. Let us transform your overseas journey into inspirational stories for all time.

Thanks to you, our dear legislators, and of course, to the man, every OFW now refers to as their "Tatay", President Rodrigo Duterte. You passed the law that created this new home for our OFWs. *[applause]*

On the area of foreign policy, I will not preside over any process that will abandon even one square inch of territory of the Republic of the Philippines to any foreign power. *[applause and cheers]*

With respect to our place in the community of nations, the Philippines shall continue to be a friend to all, an enemy to none.

The Philippines has always been open and welcoming to all our foreign friends and visitors. That is our world view, that is our culture.

BUT LET ME BE CLEAR. WE ARE VERY JEALOUS OF ALL THAT IS FILIPINO. *[applause]*

We will be a good neighbor — always looking for ways to collaborate and cooperate with the end goal of mutually beneficial outcomes.

If we agree, we will cooperate and we will work together. And if we differ, let us talk some more until we develop a consensus.

After all, that is THE FILIPINO WAY.

But we will not waver. We will stand firm in our independent foreign policy, with the national interest as our primordial guide. *[applause]*

We commit to maintaining good relations with the rest of the world.

As a matter of fact, it is my sincere belief that the need for strong bonds and collaboration among nations emerges in the direst of times, such as in a pandemic.

The partnerships and alliances that we make with all will provide the stability that all nations will need as we emerge into this new global economy.

The Philippines will continue to promote stronger and multi-faceted relationships with all our partners around the world.

We are, in fact, grateful for the messages of support and offers of help that we have received from many of our friends in the international community. This has been communicated to us through the different Envoys and the Ambassadors here in the Philippines.

Such strong relationships can only be beneficial to all involved.

As I am here today addressing the legislature, allow me now to propose legislation that we would like you to pass in support of these programs:

1. National Government Rightsizing Program (NGRP) *[applause]*

A reform mechanism that seeks to enhance the government's institutional capacity to perform its mandate and to provide better services, while ensuring optimal and efficient use of resources.

Compared to previous government reorganization efforts, the NGRP will entail a comprehensive strategic review of the functions, operations, organization, systems and processes of the different agencies, and massive and transformational initiatives in agencies concerned, such as mergers, consolidation, splitting, transfer, and even the abolition of some offices. The rightsizing efforts will also involve the conduct of a comprehensive strategic review of functions, programs and projects that will cut across various agencies.

2. Budget Modernization Bill

This seeks to institutionalize the Cash-based Budgeting System (CBS) under Executive Order No. 91, Series 2019 to strengthen fiscal discipline

in the allocation and use of budget resources by ensuring that every peso budgeted by the government would lead to the actual delivery of programs and projects. The full implementation of the CBS is timely and vital as the government executes response and recovery plans post-pandemic.

3. Tax Package 3: Valuation Reform Bill

This bill provides for the :

(a) establishment of real property values and valuation standards across the country and (b) the development of Real Property Information System that provides for the database of all real property transactions and declarations in the country

4. Passive Income and Financial Intermediary Taxation Act (PIFITA)

This seeks to reform the taxation of capital income and financial services by redesigning the financial sector taxation into simpler, fairer, more efficient and a revenue neutral tax system. It also represents to adopt a regionally competitive tax system.

5. E-Government Act

Which provides for the establishment of the Government Master Plan which shall cover all E-government services and processes.

6. Internet Transaction Act or E-Commerce Law

Which aims to establish an effective regulation of commercial activities through the internet or electronic means to ensure that consumer rights and data privacy are protected, innovation is encouraged, fair advertising practices and competition are promoted, online transactions are secured, intellectual property rights are protected, and product standards and safety are observed.

7. Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE)

This seeks to provide financial assistance to distressed enterprises critical to economic recovery through programs and initiatives to be

implemented by the Land Bank of the Philippines, the Development Bank of the Philippines and the Philippine Guarantee Corporation for purposes of addressing liquidity or solvency problems of MSMEs and strategically important industries, to encourage their continued operations and maintain employment. *[applause]*

8. The Establishment of a Medical Reserve Corps

Establishes a Medical Reserve Corp (MRC) under the Health and Emergency Management Bureau (HEMB) of the DOH. The MRC shall be composed of licensed physicians, medical students who have completed their four (4) years of medical course, graduates of medicine, registered nurses, and licensed allied health professionals.

9. National Disease Prevention Management Authority

This bill seeks to create the Center for Disease Prevention and Control (CDC), attached to the DOH. *[applause]*

10. Creation of the Virology Institute of the Philippines

This will create the Virology Science and Technology Institute of the Philippines (VIP) as an attached agency of the DOST. All offices and units under the DOST with functions related to virology shall now be transferred to the Virology Institute of the Philippines.

11. Department of Water Resources

This seeks to create the Department of Water Resources and adopts the Integrated Water Resource Management (IWRM) as the strategic framework for national water management, policymaking and planning.

12. Unified System of Separation, Retirement and Pension

This grants a monthly disability pension, in lieu of disability benefits provided under existing laws, for military and uniformed personnel (MUPs) retired by reasons of disability. *[applause]*

13. E-Governance Act

It promotes the use of internet, intranet and other ICT to provide opportunities for citizens.

14. National Land Use Act *[applause]*

This will provide for a rational and holistic management and development of our country's land and water resources; hold owners accountable for making these lands productive and sustainable; strengthen the LGU to manage ecological balance within its jurisdiction. It also provides for Land Use and Physical Planning/Framework as a mechanism in determining policies and principles to implement this legislative measure.

15. National Defense Act

This seeks to amend the antiquated National Defense Act of 1935 to provide for a change in the military structure of the Armed Forces of the Philippines that is more responsive to current and future non-conventional security threats to the country's territorial integrity and national sovereignty. *[applause]*

16. Mandatory Reserve Officers' Training Corps (ROTC) and National Service Training Program (NSTP) *[applause]*

This seeks to reinstitute the ROTC program as a mandatory component of senior high school programs (Grades 11 and 12) in all public and private tertiary-level educational institutions. The aim is to motivate, train, organize and mobilize the students for national defense preparedness, including disaster preparedness and capacity building for risk-related situations. *[applause]*

17. Enactment of an Enabling Law for the Natural Gas Industry

This seeks to foster the development of the Midstream Natural Gas Industry in a bid to strengthen Philippine energy security by diversifying the country's primary sources of energy and promoting the role of natural gas as a complementary fuel to variable renewable energy. *[applause]*

18. Amendments to the Electric Power Industry Reform Act or EPIRA (Rep. Act No. 9136) *[applause]*

This aims to improve the implementation of the law's provisions and enhance its effectiveness to address high cost of electricity, alleged market collusion, and insufficient power supply.

The bill seeks to restructure the Energy Regulation Commission (ERC) to foster accountability and improve the commission's government system that would ensure consumer protection and in enhancing the competitive operation of the electricity market.

19. Amendments to the Build-Operate-Transfer (BOT) Law

This seeks to improve the implementation of the Public Private Partnership (PPP) Program and to be able to direct the desired outputs and outcomes in line with the strategic development targets of the country. Specifically, the amendments seek to:

1. Address the ambiguities in the existing law;
2. Address the bottlenecks and challenges affecting the implementation of the PPP Program; and,
3. Foster a more competitive and enabling environment for PPPs.

To my fellow Filipinos, ang aking mga minamahal na kababayan.

Batid ko na hindi madali ang ating pinagdaraan sa nakaraang higit na dalawang taon.

Alam ko rin na ang bawat isa sa inyo ay ginagawa ang lahat ng inyong makakaya upang patuloy na harapin ang lahat ng pagsubok sa kasalukuyan.

I do not intend to diminish the risks and the challenges that we face in this turbulent time in global history, and yet, I see sunlight filtering through these dark clouds.

We have assembled the BEST Filipino minds to help navigate us through this global crisis that we are now facing.

We will endure. *[applause]* Let our Filipino spirit ever remain undimmed. *[applause]*

I know this in my mind, I know it in my heart, I know it in my very soul ... THE STATE OF THE NATION IS SOUND.

Thank you and good afternoon. Marami pong salamat sa inyong lahat. *[applause and cheers]*

— END —

