

The President's Legislative Agenda: Moving Towards Sustained  
Social and Economic Development

by  
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Introduction

Thank you, Mr. Executive Secretary.

Colleagues in the Cabinet, Members of the Cabinet Clusters, Fellow Public Servants, Friends, Ladies and Gentlemen:

Good Afternoon.

During the past few weeks, the Government of the Philippines hosted various Consultative Group (CG) activities that culminated last 18 – 20 June 2000 with the holding of the CG meeting. The CG activities discussed development issues and current initiatives being undertaken by the different sectors in line with the goal of reducing poverty. The CG sessions have proven beneficial especially for our country for we were able to showcase to the donors the country's reform efforts centered on improving the lives of Filipinos.

The ongoing efforts of the government to improve governance in areas such as economic and corporate, political and judicial, administrative and financial, reflects the importance the Philippine society accords good governance. Recognizing these efforts, the donors have renewed their pledges of support to the Philippine government. Likewise, the donors expressed greater confidence in the way the government is managing reforms and policy directions in governance. The government continues to move forward to establish the structures and processes for good governance, notwithstanding the constraints, challenges and problems that it is facing at the moment.

Within the context the *Angat Pinoy 2004*, the country's blueprint that outlines policies and strategies to alleviate poverty, governance is the process that encourages collective efforts of the government, civil society and private sector to improve the lives of every Filipino. The synergies arising from this multisectoral partnership also ensures that the efforts and resources being invested by the

government to create opportunities, promote equality and provide access to resources and social services for the Filipinos shall not be wasted.

### Recent Macroeconomics and Achievements and Challenges

The country's overall economic performance during the past 18 months indicates that the government's economic and financial policies and programs are in the right direction. The 4 percent to 5 percent target growth for gross domestic product for 2000 is within range. With their debt workouts adequately addressed in 1999, private companies are now in a better position to operate and compete profitably in 2000. The first quarter figures reflect the recovery of the manufacturing sector despite the fall in government consumption and the perceived decline in investor confidence due to some factors including the stock market fiasco and increases in US interest rates. The normalization of the peace and order situation in some parts of Mindanao will certainly help the government in sustaining the growth momentum for the rest of the year. Equally important are the confidence-rebuilding scheme, including the pursuit of sound fiscal and monetary management and the implementation of governance and other structural reforms.

### Reforming Corporate Governance

Despite the growth and lower inflation rate in the first months of the year, prices of equity shares have yet to recover. One of the main factors which have brought about the bearish sentiments is the trading and disclosure violations related to the Best World (BW) shares. To address the BW factor, Congress is working towards the passage of the proposed Securities Act of 2000, which aims to strengthen the regulatory and supervisory framework of the Securities and Exchange Commission (SEC) over the securities market.

Complementing the fiscal management side of the balance sheet, with the objective of attaining a balanced budget by 2003 for the government, is the General Banking Law of 2000. The law enables BSP to shift bank examination from the traditional checklist-based and compliance focused bank supervision towards forward-looking risk-based analysis. The immediate passage of the Amendments to the New Central Bank will certainly complement/reinforce the fiscal policy framework of the government. Not to be overlooked to attain stability in the banking system is the state of its exposure to the corporate sector. It is therefore imperative that the government consider corporate sector governance reforms essential in reviving and sustaining the flow of funds in the country.

### Accelerating Rural Development

In the area of rural development, the government is accelerating the agricultural modernization as the government's centerpiece strategy. Related to this, the government is committed to implement policy and institutional reform: the ADB-assisted Grains Sector Development Program (GSDP). This program seeks to attain sustained growth in grains productivity and grains households' incomes, reduce rural poverty, and achieve a more cost-effective, resource-efficient state of food security. Specifically, the program aims to address the major constraints to grains productivity, competitiveness and food security through policy and institutional reforms, adequate grains infrastructure and support, and institutional capacity- building. The policy component involves reforms in the National Food Authority (NFA) and rice import policy. The investment component consists of investments that are expected to generate broad-ranging efficiency, productivity, welfare and income gains in the grains sector such as improved irrigation infrastructure for grains production, grains technology generation and dissemination, and capacity building for the Department of Agriculture (DA).

### Power Sector Restructuring

One of the key reforms that must be put into place is the liberalization of the Electric Power Industry. The reforms aims to promote competition in the generation and supply subsectors to effectively address the high power rates in the country. Competition will cause generating and distributing companies to lower their rates and to operate more efficiently. Further, competition will produce a reliable power supply at cheaper rates.

One of the key features of the reform is to provide fresh inflows of capital into the industry to manage the financial burden on the government. The government will then be able to use its existing resources to provide funding for other vital projects.

Hopefully at this time the Bicameral Conference Committee has already resolved the conflicting issues of the bills.

### Mass Housing Programs

One of the priorities pledged by the President since day one of his administration is to provide a decent shelter for every Filipino. Hence, mass housing is a centerpiece program of the Estrada Administration. With the launching of the *Pabahay sa Bagong Siglo* (PBS) program, 350,000 housing units

will be produced every year, 60 percent of which will be for socialized housing for low-income groups. As a policy support to the program, the Home Guaranty Corporation Act of 2000 allocates 40 percent of HGC's guaranty capacity to socialized housing and provides 100 percent loan-to-collateral ratio for socialized housing retail loans.

### Strengthening and Streamlining the Bureaucracy

One of the most important public sector reforms that we should implement in the medium-term is the streamlining and strengthening of the bureaucracy. This is crucial in sustaining the government's long-term goal of fiscal consolidation while confronting the challenge of increasing demand for resources for rural development, infrastructure, housing and basic social services. The government is undertaking a two-track approach: first is to advocate for the passage of the Reengineering Bill, which outlines structural, functional and operational changes in national line and oversight agencies as well as other government offices; and, second is to pursue institutional and administrative strengthening reforms within the existing legal frameworks, mandates and budget resources of the agencies.

### Fighting Graft and Corruption

On the issue of graft and corruption, the government undertaking all necessary steps to curb these. The Development Academy of the Philippines (DAP) has been commissioned to come up with a Ten-Point Jumpstart Anti-Corruption Program. Among the key components of the program are: (a) establishment of a transparent participatory process for generating nominees for Presidential appointments in critical government offices; (b) conduct of random checks on the lifestyles and compensation packages of government officials; (c) publication by government agencies of citizen guidebooks on how to access public goods and services with timetables; (d) full disclosure of public documents, including government contracts, proceedings of public hearings, budget documents, financial reports, etc.; and, (e) identification and pursuit of anti-corruption legislative agenda. We must also take into account the bill that is still pending in Congress known as Eradication of Racketeers and Powerful Syndicates (ERAPS), which essentially is a policy support to the current initiatives of the government to eradicate graft and corruption.

### The President's Legislative Agenda (PLA)

Secretary Policarpio's presentation mentioned the passage of some of the most important pieces of legislation in the LEDAC Common Legislative Agenda

(CLA). This reflects the conviction of Congress to support the Executive in achieving the goals and objectives embodied in *Angat Pinoy 2004*. These are –

1. Retail Trade Liberalization Act of 2000 – The Act amended R.A. 1180 to allow foreign participation in the country's retail trade.
2. Home Guaranty Corporation Act of 2000 – The Act encourages cooperation and partnership between government and the private sector to provide affordable housing.
3. General Banking Law of 2000 – The law enables the Bangko Sentral ng Pilipinas to adopt to internationally accepted supervision practices designed to promote higher standards of banking and performance. The Act further liberalizes and rationalizes the equity and citizenship structure of banks.

The most recent is the Electronic Commerce Act signed into law by the President last 14 June 2000. The Act promotes the universal use of electronic transactions in the government and by the general public.

These laws lay the groundwork for a more appropriate framework in the areas of economic and financial governance thus paving the way for a more favorable business climate that encourages investors to invest in the Philippines.

#### Proposed Legislative Priorities

In his State of the Nation Address (SONA) 2000, the President is expected to present his development objectives/plans for the rest of the year. Hence, our activities today will focus on reviewing and updating the present PLA which was formulated a year ago. Related to this, the cluster chairpersons may consider the following list of priority bills identified by the different sector staffs of NEDA in line with the policy directions set in *Angat Pinoy 2004*. For the information of the body, a number of the priority bills identified are listed in the present PLA.

#### Agro-Industrial Development

1. National Land Use Act – This bill is among the priority legislative agenda for the shelter and urban development sector and the agriculture, agrarian reform and natural resources sector of *Angat Pinoy 2004*. For shelter and urban development, the NaLUA is envisioned to resolve conflicts on land uses and promote planned spatial development. For agriculture, agrarian reform and natural resources, the NaLUA is expected to provide the overall framework for the rational allocation, development, sustainable use and management of land resources for a variety of ecological and economic

uses and to prevent premature conversion of agricultural lands into other uses.

The bill has been in Congress since 1996. Various versions of the initial drafts were filed representing different sectoral positions and opinions. The bill is still pending in the committee level in both Houses. Hence, there is the need to resolve the conflicting positions of the concerned sectors.

2. Plant Variety Registration and Protection Act
3. Restructuring the DAR Adjudication Board
4. Amendments to R.A. 6971 (Productivity Incentives Act)
5. Rationalization of Fiscal Incentives (Amending E.O. 226) – The objective of the bill is to rationalize the existing system of granting incentives pursuant to the government’s tax and tariff reform program. This is effect universalizes tax incentives or granting of tax incentives to all firms. The House has already approved its version of the bill while in the Senate, it is still pending in the Committee Level.
6. Safeguard Measures Act

#### Macro-Economic and Financial Development

1. Amendments New Central Bank Act of 1993 (R.A. 7653) – The bill will enable the Bangko Sentral ng Pilipinas (BSP) to effectively discharge its supervisory powers over banks, quasi-banks and attain operational efficiency. The bills will complement the provisions in the General Banking Law of 2000. The Senate has approved its version of the bill while in the House of Representatives, the bill is on 2<sup>nd</sup> reading.
2. Proposed Securities Act of 2000 – The bill propose to amend the Revised Securities Act of 1982 to encourage the further development of the capital markets. The bill also seeks to develop a fair, credible and transparent capital market by introducing provisions that are responsive to the current needs of a globally competitive market. The bill is in the Bicameral Conference Committee.
3. Revised Investment Company Act (R.A. 2629)
4. Tax Amnesty/Tax Census
5. Rationalization of Taxation on the Financial Sector
6. Tariff and Customs Code of the Philippine (re: shift to Transaction Value)

## Social and Human Development

1. Anti-Trafficking of Filipino Women and Minors;
2. Anti-Domestic Violence Act
3. Early Childhood Care and Development Act
4. Philippine Micronutrient Fortification Act

## Infrastructure Development

1. Power Sector Reform Bill - One of the key reforms that must be put place is the liberalization of the Electric Power Industry. The reforms propose to restructure the power industry by promoting competition in the generation and supply subsectors that will effectively address the high power rates in the country. Competition will cause generating and distributing companies to lower their rates and will lead these companies to perform at higher levels of efficiency. Further, competition will produce a reliable power supply at cheaper rates. One of the key features of the reform is to provide fresh inflows of capital into the industry to manage the financial burden on the government. The government will then be able to use its existing resources to provide funding for other vital projects. The bill is pending in the Bicameral Conference Committee.
2. Expeditious Acquisition of the Right-of-Way (ROW) for Government Infrastructure – The bill aims to simplify and streamline the acquisition of right-of-way (ROW) for government infrastructure projects. The House has already approved its version of the bill while in the Senate, it is on 2<sup>nd</sup> reading. In the Senate the Bills on TROW and TRO are consolidated.
3. Reprieve from Court’s Temporary Restraining Order (TRO) on Government Infrastructure Projects – The bill seeks the expeditious completion of government projects by removing causes of delay and other unnecessary legal impediments. The House has already approved its version of the bill while in the Senate, it is on 2<sup>nd</sup> reading. In the Senate the Bills on TROW and TRO are consolidated.
4. Motor Vehicle Users’ Tax – The propose act will impose motor vehicle users’ charge on owners of all types of vehicles to rationalize the structure of tax system on motor vehicles by using the gross vehicle weight as basis for determining the registration of all types of vehicles. The bill is now ready for enactment into law.
5. Creation of the National Transportation Safety Board

6. Creation of the Civil Aviation Authority
7. Increased in LRTA Capitalization
8. Increased in NEA Capitalization
9. Indigenous Energy Resources Bill
10. Increased in LWUA Capitalization

#### National Security and Political Stability

1. Revision of the Definition of the National Territory
2. Amendments to the Organic Act of Autonomous Region of Muslim Mindanao (R.A. 6734) – The bill amends certain provisions of R.A. 6734 in accordance with the peace agreement between the Government of the Republic of the Philippines (GRP) and the Moro National Liberation Front (MNLF) towards the attainment of lasting peace in Southern Mindanao. The House has already approved its version of the bill while in the Senate, the committee report is being finalized.
3. Resetting of ARMM Elections to May 2001 General Elections – The bill will reset the ARMM elections to synchronize with the May 2001 local and national elections. The bill is pending in the Bicameral Conference Committee.
4. Empowering the LGUs in the Administration and Operations of the Philippine National Police – The main objective of the bill is to improve law enforcement in the country by empowering local government units to effectively and efficiently maintain peace and order in their territories. The Senate has already approved its version of the bill while in the House, it is on 2<sup>nd</sup> reading.
5. Powerful Syndicates Act (ERAPS)
6. Rationalization of AFP Personnel and Administrative Management
7. Amendments to the Dangerous Drugs Act (R.A. 6425)

#### Governance

1. Energizing the Bureaucracy – The bill will authorize the President to reorganize the bureaucracy to ensure the effective and efficient delivery of basic services. The bill is one of the certified priority legislations of the government. The bill is on 2<sup>nd</sup> reading in the Senate while in the House, the bill is for 2<sup>nd</sup> reading.

### Concluding Remarks

I wish us all good luck in this endeavor, and I hope with continuous efforts to support the development objectives of the Estrada Administration, will subsequently bear fruits. But we must work hard, never putting down our guard, for development is a never-ending process where we build upon our gains.

Thank you and good day to all. Maraming Salamat po.