

Building the Philippine Political Party System

Democracy is defined as a government of the people, by the people, and for the people. No true democracy can exist without a working political party system that is built on valid political platforms/policies that intend to foster progress and development.

However, the political situation in the Philippines, as well as its political institutions, makes Philippine political parties more of a detriment rather than a boost to the country's development.

One major factor that makes our political parties weak is the dependence of political parties on personalities rather than on issues and political platforms. Traditional politicians only use Political Parties as financial vehicles to win elections. There is absence of party loyalty as well as adherence to the party's ideological principles, platforms, and programs. There is, arguably, the absence of a real and democratic Political Party System in the country.

There is an obvious need for reforms in our political party system, reforms that would lead to the reduction or even eventual eradication of graft and corruption in Philippine politics. There is a need for a legal, institutionalized framework to govern our system of political parties. We need a strong political party system.

What is the Political Party Development Act?

The Political Party Development Act is a vital part of the package of political and electoral reforms that the country needs to undertake. It aims to strengthen the political party system in order to develop genuine political development and democratization.

The proposed act intends to address the well-entrenched patronage system; to promote transparency and accountability through institutionalization of reforms in campaign financing; and to veer away from the traditional personality-based politics by upholding party loyalty and adherence to political platforms and ideology.

The act was first drafted in 2002 and endorsed by the major political parties in the first-ever Philippine Political Party Conference, chaired by then-Speaker and Lakas-NUCD chairman Jose de Venecia. Election reform advocates participated in the drafting and endorsed the original bill, and later lobbied with government to pass it.

Then House Speaker Jose De Venecia primarily authored the bill in the House of Representatives, while Senator Edgardo Angara likewise filed a senate version of the bill.

However, the unity for the bill started to crumble when GMA announced her candidacy for the 2004 presidential elections. The presidential legitimacy crisis prevented developments on the bill despite GMA's own endorsement in her 10-point "legacy program" and its inclusion in the Medium-Term Development Program.

Meanwhile, other representatives in the House filed similar bills in the 14th congress and they were all consolidated

into House Bill 3655 or also known as the Political Party Development Act of 2008.

HB 3655 has already passed the third reading by the 14th Congress. However, objections coming from party-list representatives and other minority members have led to the bill's recall back to the second reading and eventual non-passage.

With lessons from the recently concluded 2010 elections, it is imperative that such measure be enacted. The 2010 National and Local elections were dubbed as the most expensive in terms of campaign spending; however, it also disproved the belief that money can buy any seat in the government.

The current situation under the Aquino government opened once more the possibility for passing the bill because of the urgency to strengthen the weakened democratic institutions of the country.

In the 15th congress, efforts to strengthen the political party system are enshrined in House and Senate bills entitled "The Political Party Development Act of 2010." Senate Bills 51 and 607 were filed by Senators Edgardo Angara and Jinggoy Estrada, respectively. House Bills 49, 403, and 159 were also filed with the same topics by Representatives Rufus Rodriguez, Maximo Rodriguez Jr., Juan Edgardo Angara, and Arthur Yap, respectively, and Rep. Raymond Democrito Mendoza also co-authored in the consolidated bill.

The various bills on the subject matter have been consolidated at the committee level into a substitute bill at both the House of Representatives and the Senate and are due for adoption by the respective committees in both Houses as committee reports.

Highlights of the Bill

DECLARATION

A Political Party is a group of individuals organized to advance an ideology, vision, or program with the intention to influence the government through participation in elections.

A Political Party engenders the principles and issues espoused by its members as part of democratic participation. It also becomes the training ground of leaders and party workers, the embodiment of the aspirations of its constituency, and the organizational machinery for electoral campaigns and governance.

A working Political Party System that fosters platform over the traditional personality-oriented politics would yield a much greater impact in societal development as policies implemented in governance can be institutionalized or used on a long-term basis.

The Political Party Development Bill aims to strengthen the system of political parties by: (1) Upholding party loyalty and adherence to ideological principles, platforms, and programs by penalizing turncoatism; (2) Reducing cases of graft and corruption by regulating campaign financing through transparent mechanisms to level the playing field; and (3) Professionalizing of Political Parties through State Subsidy by supporting them to become effective agents of democracy.

Through the State Subsidy Fund, the pending bill encourages party development activities other than campaign activities conducted during an election year. In a non-election year, funds may be used for (a) party administration, recruitment, and civic education; (b) research and policy development; (c) education and training of members; (d) institution building and constituent outreach program; and (e) other reasonable logistical and operational expenses that are essential in strengthening the party.

By enacting this law, we strengthen Philippine democracy by heeding the voice of the people for democratic participation in our electoral processes and in democratic governance.

I. POLITICAL TURNCOATISM

Political Turncoatism is the act of changing party affiliation by a candidate. It is deeply imbedded in the country's political culture as most aspiring politicians only use political parties as financial vehicles and machinery during elections.

The Political Party Development Bill seeks to promote party loyalty and adherence to party objectives by discouraging any member of a political party from changing party affiliation before an election, or if elected, after an election.

A significant percentage of realignments occur after candidates have identified the winnable or ruling party. It means that the shifting of party affiliation is mainly rooted on political advantages rather than on conviction.

II. CAMPAIGN FINANCE



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Government regulation of campaign financing – in both campaign contributions and campaign expenditures – has always been a thorny issue in Philippine elections. Despite existing legal provisions that aim to level the playing field for those who wish to run for office, political parties and candidates still blatantly go beyond these restrictions based on the belief that money alone can buy any political office.

Transparent and effective mechanisms are indispensable to level the playing field among candidates and political parties during elections.

The proposed bill intends to strictly regulate campaign contributions, on the one hand, and campaign expenditures, on the other hand.

It will institute stiffer penalties for violators and it proposes to strengthen the role of COMELEC by creating a department within the commission that is tasked to supervise and regulate campaign financing.

In an election, the people express their will and delegate their power to elected officials. They entrust elected leaders to govern the state through policies that would reflect their will. As such, choosing leaders should be based on a process that is free from intimidation or influence of money.

The proposed bill hopes to enable both the candidates and citizen-voters to view elections as a democratic exercise and not as a form of business to amass wealth.

A. ALLOWABLE POLITICAL PARTY EXPENDITURES

The proposed measure also detailed the allowable expenditures that can be funded out of the state subsidy fund. These expenditures are subject to the Commission on Audit's (COA) auditing. The State Subsidy fund shall be used directly only for *party development* and *campaign expenditures*.

For party development, only those activities that foster or promote party growth, professionalism and accountability among its members will be allowed.

Similarly, there are only allowable campaign activities that can be funded by the state subsidy.

Meanwhile, the current governing law on campaign expenditures – Synchronization of National and Local Elections Act (RA 7166) of 1991 -- limits expenditure of both political parties and candidates to PHP 5.00 per registered voter. However, the pending bill in the senate and house increased the limit to PHP 20.00 and PHP 11.00, respectively, owing to economic factors such as inflation. Both versions of

Allowable Party Development Expenditures:

1. Party Administration, recruitment, and civic education
2. Research and Policy Development
3. Education and Training of members
4. Institution building and constituent outreach program
5. Other reasonable logistical and operational expenses that are essential in strengthening the party.

Allowable Campaign Expenditures:

1. Operating expenses of the part, which may include hiring of personnel, professional secretariat, setting up of headquarters, and other relevant expenditures.
2. Traveling expenses of the candidates and support personal expenses incident thereto
3. Information dissemination and advocacy campaigns of the political party
4. Production and distribution of electoral paraphernalia and other propaganda materials
5. Other expenditures under section 102 of the Omnibus Election Code.

the bill authorized the Commission on Elections (COMELEC) to adjust the amount based on the Consumer Price Index (CPI) every three years following the effectivity of the act.

Putting a cap on expenditures would provide a level playing field among political parties contesting for a seat in government. In the past, political parties are required to submit their Statement of Election Contributions and Expenditures (SECE) to COMELEC. However, the commission does not have the capability to monitor and validate the items reported in the SECEs. But in the senate version of the bill, there is the proposal to establish a campaign finance department in COMELEC that would focus on the full administration and implementation of campaign finance regulations. Implementing sanctions on violators would be more attainable.

B. CAMPAIGN CONTRIBUTIONS

The proposed Political Party Development Act limits voluntary contributions to any National political parties in order to do away with the well-entrenched patronage system in Philippine politics. It emphasizes that sovereignty derives from the people and not from individuals financing electoral campaigns.

The bill requires disclosure of contributions to political parties, including opening an account with any reputable bank accredited by the Commission on Elections (COMELEC). All contributions received in the bank account of the political party shall be published and audited. The bill intends to promote transparency and prevent candidates being beholden to campaign contributors. However, members are encouraged to pay their dues to be considered stakeholders of their respective parties.

C. AUDIT

The bill has provided that the Commission on Audit (COA) and the Commission on Elections (COMELEC) are tasked to design and implement a monitoring and reporting system. It shall be conducted through consultation with political parties, accredited citizen's arms, the private sector, non-government organizations, and government agencies.

Given that transparency and accountability are necessary ingredients of a truly democratic country, the proposed measure requires all political parties to make full disclosure of all contributions and expenditures incurred for the use of the [state subsidy fund].

Furthermore, it requires political parties to submit sworn statement of their assets and liabilities to the Commission on Audit (COA).

The amount of contributions given to a party shall also be disclosed including information of the entity that provided the contribution.

All these reports will be audited by the Commission on Audit (COA) and failure to comply will result to disqualification of political parties from receiving its share in the state subsidy.

Although similar measures have been enacted in the past but its implementation remains weak due to the lack of a monitoring and reporting system. Candidates and political parties continue to evade sanctions from overspending during election campaigns or from receiving contributions from unlawful donors.

III. STATE SUBSIDY FUND

Political parties are essential component of political development. As much as the state could invest on economic institutions, the state also has the responsibility to develop political institutions.

This proposed act provides for a state subsidy to accredited and qualified political parties in order to promote professionalism and accountability among its members.

It also envisioned political parties and individual candidates to veer away from being beholden to personalities but would rather focus in upholding party programs.

Moreover, the creation of a state subsidy fund intends to deter political corruption by encouraging political groups to refuse funds offered by unlawful elements such as drug and gambling lords.

Criteria for Eligibility to receive from the Subsidy from the State Subsidy Fund:

1. Political Representation, consisting of the incumbent president, members of congress, governors, vice-governors, city-municipal mayors and vice-mayors;
2. Organizational strength and mobilization capability
3. Performance and track record of the party

State subsidy is meant to provide the minimum resources for party building, leverage for auditing, transparency, and accountability in the sourcing and expenditures of party and campaign funds, and for enhancing party authority and influence on their candidates and members.

The State Subsidy Fund would urge political parties to develop internally to become more spirited and aggressive in pushing for their agenda. It is envisioned that this measure would lead

to the political maturation of Political Parties as they themselves would be bound to work within a democratic framework.

Naturally, a self-checking mechanism would be put in place as political parties themselves would instill discipline among its members for them to qualify for state subsidy.

In order to have access to the state subsidy fund, a political party should pass the accreditation requirements or the **criteria for eligibility - political representation, organizational strength and mobilization capability, and performance and track record of the party**. These accreditation requirements encourage political parties to develop valid political platforms.

The accreditation requirements attempt to screen genuine political parties for a meaningful electoral exercise.

IV. Comparison of Senate and House of Representatives Draft Committee Reports of the Bill [as of December 2011]

The following is a matrix highlighting the differences between the two versions of the proposed measure from the House of Representatives and the Senate:

SENATE	HOUSE OF REPRESENTATIVES
<u>CHAPTER 1. DECLARATION OF POLICY, PURPOSES, AND COVERAGE</u>	
<u>SECTION 5. DEFINITION OF TERMS</u>	
a.) Accredited NATIONAL Political Party refers to a Political Party qualified to receive subsidy for party development and campaign purposes, accredited for this purpose by the Commission based on a set of criteria provided under this act.	a.) Accredited Political Party , refers to a Political Party qualified to receive subsidy for party development and campaign purposes, accredited for this purpose by the Commission based on a set of criteria provided under this act.

<p>b.) Candidate refers to any person aspiring for, or seeking an elective public office, BY HIMSELF OR duly nominated by an ACCREDITED political party, aggrupation or coalition of parties and who has filed a certificate of candidacy with the commission ON ELECTIONS.</p>	<p>b.) Candidate refers to any person aspiring for, or seeking an elective public office, duly nominated by a political party, aggrupation or coalition thereof, and who has filed a certificate of candidacy with the Commission.</p>
<p>I.) POLITICAL TURNCOATISM as defined in the proposed measure is the act of changing party affiliation by any candidate WITHIN (8) EIGHT MONTHS PRIOR TO THE ELECTION. Provided that, the term shall not include any such change in party affiliation before the effectiveness of this Act; Provided further that, political turncoatism shall not apply in any of the following instances:</p> <p>i. Abolition, merger or coalition of political parties where a candidate is a registered member thereof;</p> <p>i. Expulsion in writing, of the registered member from his/ her political party; Provided, that the cause for such does not constitute Political Opportunism. It includes political opportunism or any act of a party member constituting disloyalty to the party, or regular non-adherence to the party's ideological principles, platforms, and programs, as determined by the party in accordance with its constitution and by-laws.</p>	<p>I.) POLITICAL TURNCOATISM as defined in the proposed measure, is the act of changing party affiliation by an elected official, during his/her term, EXCEPT WITHIN 6 MONTHS PRIOR TO THE END OF HIS/HER TERM</p> <p>Provided that, political turncoatism shall not apply in any of the following instances:</p> <p>i. Abolition, merger or coalition of political parties where a candidate is a registered member thereof;</p> <p>ii. Expulsion of the elected official in writing from his/her political party; Provided, that the cause for such does not constitute Political Opportunism. It includes political opportunism or any act of a party members constituting disloyalty to the party, or regular non-adherence to the party's ideological principles, platforms, and programs, as determined by the party in accordance with its constitution and by-laws.</p>
CHAPTER 2. INSTITUTIONALIZATION OF POLITICAL PARTIES	
<p><u>Sec. 6 Registration as a NATIONAL Political Party</u> - Any organized group of persons seeking registration as a</p>	<p><u>SEC. 6. Registration as a Political Party.</u> – Any organized group of persons seeking registration as a</p>

<p>national political party may file with the Commission a verified petition attaching thereto its constitution and by-laws, platform, principles, policies and general program of government, a verified list of its national officials, members of the executive board, or its equivalent, and the heads of its regional, provincial, and city chapters, ANNUAL STATEMENT OF ACCOUNTS, and such other relevant information as may be required by the Commission.</p> <p>The Commission shall, after due notice and hearing, resolve the petition within ten (10) days from the date it is submitted for decision.</p> <p>NATIONAL Political Parties already registered as such with the Commission prior to the effectivity of this Act are not required to register anew.</p>	<p>political party may file with the Commission a verified petition attaching thereto its constitution and by-laws, platform, principles, policies and general program of government a verified list of its national officials, members of the executive board, or its equivalent, and the heads of its regional, provincial, and city chapters, and such other relevant information as may be required by the Commission.</p> <p>The Commission shall, after due notice and hearing, resolve the petition within ten(10) days from the date it is submitted for decision. Political Parties already registered as such with the Commission prior to the effectivity of this Act are not required to register anew but are required to submit their intent to continue participating in elections</p>
<p style="text-align: center;">None specified</p>	<p><u>SEC. 8. Membership in a political party.</u> – A person becomes a member of a political party upon application duly signed, filed, and accepted by the party, and has complied with basic membership requirements of the party, including the regular payment of membership dues.</p>
<p>SEC. 10. Limits on Voluntary Contributions. – Voluntary contributions to any National Political Party shall be limited to the following maximum amounts:</p> <p>a) UP TO ONE HUNDRED THOUSAND PESOS (P100,000.00) FROM A NATURAL PERSON; and Up to One Million Pesos (P1,</p>	<p><u>SEC. 11 . Limits on Voluntary Contributions.</u> – Voluntary contributions to any Political Party shall be limited to the following maximum amounts:</p> <p>(a) UP TO ONE MILLION PESOS (P100,000,000.00) FROM A NATURAL PERSON; and Up to Ten Million Pesos (P10,000,000.00) from a</p>

<p>000,000.00) from a juridical person is allowed to make a voluntary contribution under existing laws.</p> <p>b) Any contribution in cash or in kind to any candidate or political party for campaign purposes, duly reported to the Commission, shall be exempt from donor's tax.</p>	<p>juridical person is allowed to make a voluntary contribution under existing laws.</p> <p>(b) Any contribution in cash or in kind to political party for campaign purposes, duly reported to the Commission, shall be exempt from donor's tax.</p>
<p><u>SEC. 15. Authorized Expenses of National Political Parties.</u> – The amount that a National Political Party may spend for every election campaign SHALL BE TWENTY PESOS (P20.00) FOR EVERY VOTER currently registered in the constituency or constituencies where it has official candidate; The Commission shall adjust the authorized amount based on the Consumer Price Index every three (3) years following the effectivity of this Act.</p>	<p><u>SEC. 16. Authorized Expenses of National Political Parties.</u> – The amount that a Political Party may spend for every election campaign SHALL BE ELEVEN PESOS (P11.00) FOR EVERY VOTER currently registered in the constituency or constituencies where it has official candidate; The Commission shall adjust the authorized amount based on the Consumer Price Index every three (3) years following the effectivity of this Act.</p>

CHAPTER 3. STATE SUBSIDY FUND

<p><u>Sec. 20 Criteria for Eligibility</u> – The Commission shall accredit NATIONAL Political Parties eligible to receive subsidy from the State Subsidy Fund, based on the following general criteria:</p> <p>a) <i>Political representation</i>, consisting of the incumbent president, vice president, members of congress, governors, vice-governors, city/municipal mayors and vice-mayors;</p> <p>b) <i>Organizational strength and mobilization capability</i>, which may include the IDENTIFIABLE</p>	<p><u>SEC. 21. Criteria for Eligibility.</u> – The Commission shall accredit Political Parties eligible to receive subsidy from the State Subsidy Fund, based on the following general criteria:</p> <p>(a) <i>Political representation</i>, consisting of the incumbent president, vice president, members of congress, governors, city mayors and;</p> <p>(b) <i>Organizational strength and mobilization capability</i>, which may include the number of political chapters, organizations nationwide, and number of dues paying and</p>
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<p>POLITICAL ORGANIZATIONS AND STRENGTHS AS EVIDENCED BY THEIR ORGANIZED CHAPTERS; the number of political chapters, organizations nationwide, THE number of active and permanent members of the party; AND THE NUMBER OF INCUMBENT ELECTIVE OFFICIALS BELONGING TO THEM NINETY (90) DAYS BEFORE THE DATE OF ELECTIONS;</p> <p>c) <i>Performance and track record of the party</i>, which may include THE ESTABLISHED RECORD OF THE PARTIES, THAT NOW COMPOSED THEM, TAKING INTO ACCOUNT, AMONG OTHER THINGS, the number of years of existence of the party, THEIR SHOWING IN THE PAST ELECTIONS as well as the ability of the party to field a slate of candidates FROM THE MUNICIPAL LEVEL TO THE POSITION OF SENATOR in the immediately preceding national elections.</p>	<p>permanent members of the party;</p> <p>(c) <i>Performance and track record of the party</i>, which may include its performance in the past elections and its ability to field candidates in the coming elections.</p>
<p>SEC. 22. Distribution of the Fund. - The total amount of State Subsidy Fund released annually shall be distributed as follows:</p> <p>a.) TEN PERCENT (10%) of the fund shall accrue to the Commission, to be used exclusively for monitoring purposes and the conduct of information dissemination campaigns and voters' education;</p> <p>b.) THIRTY PERCENT (30%) of the fund shall be proportionately</p>	<p>SEC. 23. Distribution of the Fund. - The total amount of State Subsidy Fund released annually shall be distributed as follows:</p> <p>(a) FIVE PERCENT (5%) of the fund shall accrue to the Commission, to be used exclusively for monitoring purposes and the conduct of information dissemination campaigns and voters' education;</p> <p>(b) THIRTY PERCENT (30%) of the fund shall be proportionately and</p>

<p>and ratably distributed to accredited national political parties represented in the Senate based on the number of seats obtained in the most recent general elections;</p> <p>c.) THIRTY PERCENT (30%) of the fund shall be proportionately and ratably distributed to accredited national political parties represented in the House of Representatives based on the number of seats obtained in the most recent general elections;</p> <p>d.) THIRTY PERCENT (30%) OF THE FUND SHALL BE PROPORTIONATELY AND RATABLY DISTRIBUTED TO ACCREDITED NATIONAL POLITICAL PARTIES BASED ON THE NUMBER OF SEATS OBTAINED IN LOCAL ELECTIVE POSITIONS FOR GOVERNOR, SANGGUNIANG PANLALAWIGAN, CITY MAYOR, CITY VICE-MAYOR, SANGGUNIANG PANGLUNG SOD, MUNICIPAL MAYOR, MUNICIPAL VICE-MAYOR AND SANGGU NIANG BAYAN IN THE MOST RECENT GENERAL ELECTIONS.</p>	<p>ratably distributed to accredited political parties represented in the Senate based on the number of seats obtained in the most recent general elections;</p> <p>(c) SIXTY FIVE (65%) of the fund shall be proportionately and ratably distributed to accredited political parties represented in the House of Representatives based on the number of seats obtained in the most recent general elections.</p>
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CHAPTER 4. DISCLOSURES AND PERFORMANCE MONITORING

<p>Sec. 27 Full Disclosure The officials of every Accredited National Political Party shall submit a sworn statement of their assets and liabilities to the Commission which shall be made available to the public. All accredited national political parties and their</p>	<p>Sec. 28 Full Disclosure The officials of every Accredited Political Party shall submit a sworn statement of their assets and liabilities to the Commission which shall be made available to the public AT LEAST SIX (6) MONTHS BEFORE</p>
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<p>candidates shall also be required to make public disclosure of all contributions as well as expenditures incurred for the use of the State Subsidy Fund. All these disclosures shall be made through the official website of COMELEC and in a newspaper of general circulation.</p>	<p>ELECTIONS. All accredited political parties and their candidates shall also be required to submit with the Commission and make a public disclosure of all contributions as well as expenditures incurred for the use of the State Subsidy Fund, <u>thirty (30) days after the elections.</u> All these disclosures shall be made through the official website of COMELEC and in a newspaper of general circulation.</p>
<p>SEC. 28. Other Reports. The following shall be reported by the Accredited National Political Parties and their candidates:</p> <ul style="list-style-type: none"> a) The amount of contribution, the date of receipt by the bank, and the full name and exact address of the person from whom the contribution was received; b) A full report of expenditures and receipts incurred during the campaign, including those which were drawn from the State Subsidy Fund, if any; c) Post-election disclosure statements as required under existing laws, which must be submitted to the Commission within thirty (30) days after Election Day. <p>SUBMISSIONS MADE THIRTY (30) DAYS AFTER THE DEADLINE PROVIDED BY LAW WILL BE CONSIDERED LATE AND subject to a fine in such amounts as may be determined by the</p>	<p>SEC. 29. Other Reports. The following shall be reported by the Accredited Political Parties and their candidates:</p> <ul style="list-style-type: none"> (a) The amount of contributions for the elections, the date of receipt by the bank or by the duly authorized representative of the party, and the full name and exact address of the person, whether natural or juridical, from whom the contribution was received; (b) A full report of expenditures and receipts incurred during the campaign, including those which were drawn from the State Subsidy Fund, if any; (c) Post –election disclosure statements as required under existing laws, which must be submitted to the Commission within thirty (30) days after election day. Late submissions shall be subject to a fine in such amounts as may be determined by the Commission; and (d) Detailed breakdown of expenditures for the party development activities charged against the State Subsidy Fund. The financial report covering the party development

<p>Commission; and</p> <p>d) Detailed breakdown of expenditures for the party development activities charged against the State Subsidy Fund. The financial report covering the party development activities shall be submitted annually, at the end of every fiscal year. The subsidy for the succeeding year will not be released without the submission of the said report covering the preceding year.</p> <p>THESE REPORTS ARE REQUIRED OF EVERY ACCREDITED NATIONAL POLITICAL PARTY AND ITS CANDIDATES, REGARDLESS OF THE RESULTS OF THE ELECTIONS.</p>	<p>activities shall be submitted annually, at the end of every fiscal year. The subsidy for the succeeding year will not be released without the submission of the said report covering the preceding year.</p>
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CHAPTER 5. MISCELLANEOUS PROVISIONS

<p>SEC. 32. Punishable Acts. - The following acts shall be punishable:</p> <ul style="list-style-type: none"> a) Misuse of funds received by National Political Parties both from the State Subsidy Fund and from voluntary contributions; b) The giving of voluntary contributions which go beyond the allowable limits set under this Act and other existing laws; c) Inability to account for all incoming contributions 	<p>SEC. 33. Punishable Acts. - The following acts shall be punishable:</p> <ul style="list-style-type: none"> (a) Misuse of funds received by Political Parties both from the State Subsidy Fund and from voluntary contributions; (b) The giving of voluntary contributions which go beyond the allowable limits set under this Act and other existing laws; (c) Inability to account for all incoming contributions from whatever source; (d) Failure to submit pre-election as well as post-election disclosure
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<p>from whatever source;</p> <p>d) FAILURE TO SUBMIT PRE-ELECTION AS WELL AS POST-ELECTION DISCLOSURE STATEMENTS TO THE COMMISSION; PROVIDED, THAT ANY SUBMISSIONS PAST THE LATE SUBMISSION PERIOD SET IN SECTION 28 (C) WILL BE DEEMED AS A FAILURE TO SUBMIT, HENCE, PUNISHABLE UNDER THIS ACT; AND</p> <p>e) False reporting or any misrepresentation in the financial statement reports.</p>	<p>statements to the Commissions; and</p> <p>(e) False reporting or any misrepresentation in the financial statement reports.</p>
<p>SEC. 33. <i>Penalties.</i> - (a) Any candidate or official of any NATIONAL Political Party who violates any provision of this Act shall be punished with imprisonment of not less than six (6) years but not more than twelve (12) years, OR A FINE RANGING FROM FIFTY THOUSAND PESOS (P50,000.00) to five hundred thousand pesos (P500,000.00), or both. He shall, likewise, be disqualified to hold public office. Any NATIONAL Political Party that violates any provision of this Act shall PAY A FINE OF NOT LESS THAN ONE HUNDRED THOUSAND PESOS (P100,000.00) BUT NOT MORE THAN ONE MILLION PESOS (P1,000,000.00);</p>	<p>SEC. 34. <i>Penalties.</i> - (a) Any candidate or official of any Political Party who violates any provision of this Act shall be punished with imprisonment of not less than six (6) years but not more than twelve (12) years, OR A FINE RANGING FROM ONE HUNDRED THOUSAND PESOS (P100,000) to five hundred thousand pesos (P500,000), or both. He shall, likewise, be disqualified to hold public office. Any Political Party that violates any provision of this Act shall PAY A FINE OF NOT LESS THAN FIVE HUNDRED THOUSAND PESOS (P500,000) BUT NOT MORE THAN FIVE MILLION PESOS (P5,000,000); (b) Any Political Party that fails to comply with any of the documentary requirements set</p>

<p>(b) Any National Political Party that fails to comply with any of the documentary requirements set forth in this Act shall be subject to administrative sanctions by the Commission, which shall include temporary or permanent cancellation of the party's registration, as well as payment of fines consistent with existing laws and regulations; AND</p> <p>(C) ANY NATIONAL POLITICAL PARTY WHO SHALL BE FOUND TO BE DIRECTLY RESPONSIBLE FOR THE ACCOMODATION OF THE POLITICAL TURNCOATS SHALL BE STRIPPED OF ITS STATE SUBSIDY AFTER DUE NOTICE AND HEARING BEFORE THE COMMISSION.</p>	<p>forth in this Act shall be subject to administrative sanctions by the Commission, which shall include temporary or permanent cancellation of the party's registration, as well as payment of fines consistent with existing laws and regulations.</p>
<p><i>. 34. Appropriations.</i> - The amount of Three Hundred Fifty Million Pesos (P350, 000,000.00) is hereby appropriated out of the funds of the National Treasury not otherwise appropriated, effective immediately upon the approval of this Act. Every year thereafter, and not later than January 15 of every year; there shall be appropriated the amount Three Hundred Fifty Million Pesos (P350, 000,000.00). All such amounts appropriated pursuant to this Act shall go to the State Subsidy Fund, which shall be administered by the Commission.</p>	<p>SEC. 35. Appropriations. – The amount of Five Hundred Million Pesos (P500,000,000.00) is hereby appropriated out of the funds of the National Treasury not otherwise appropriated, effective immediately upon the approval of this Act. Every year thereafter, and not later than January 15 of every year; there shall be appropriated the amount Three Hundred Fifty Million Pesos (P350,000,000.00). All such amounts appropriated pursuant to this Act shall go to the State Subsidy Fund, which shall be administered by the Commission.</p>

<p>The Commission and the Department of Budget and Management (DBM) shall promulgate guidelines to facilitate the release of the funds to every accredited national political party.</p>	<p>The Commission and the Department of Budget and Management (DBM) shall promulgate guidelines to facilitate the release of the funds to every accredited political party.</p>
<p>SEC. 35. <i>Lead Agency</i> - The Commission is hereby mandated as the independent regulatory agency charged with administering and enforcing the provisions of the Act. IN ADDITION, THERE IS HEREBY CREATED A CAMPAIGN FINANCE DEPARTMENT IN THE COMMISSION TO CARRY OUT THE FULL ADMINISTRATION AND IMPLEMENTATION OF CAMPAIGN FINANCE REGULATIONS CONTAINED IN THIS ACT.</p>	<p>SEC. 36. <i>Lead Agency</i>. – The Commission is hereby mandated as the independent regulatory agency charged with administering and enforcing the provisions of the Act.</p>

Annexes

1. Substitute House Bill, “The Political Party Development Act of 2011.”
2. Substitute Senate Bill, “The Political Party Development Act of 2011.”

FIFTEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

HOUSE OF REPRESENTATIVES
SUBSTITUTE HOUSE BILL NO. _____

Introduced by Representative Rufus Rodriguez, Representative Maximo B. Rodriguez, Representative Juan Edgardo Angara, and Representative Raymond Democrito Mendoza

**AN ACT
STRENGTHENING THE POLITICAL PARTY SYSTEM,
APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES**

Be it enacted in the Senate and House of Representatives of the Philippines in Congress assembled:

Chapter I
Declaration of Policy, Purposes and Coverage

SECTION. 1. Title. – This Act shall be known as “*The Political Party Development Act of 2011.*”

SEC. 2. Declaration of Policy. – It is hereby declared a policy of the State to institutionalize and strengthen political parties as vital pillars of the country’s democratic system. Towards this end, the State shall institute reforms in campaign financing through effective and transparent mechanisms designed to level the playing field among all candidates and political parties during elections, and reduce opportunities for graft and corruption. As part of the State’s thrust to strengthen the political party system, it shall uphold party loyalty and adherence to the party’s ideological principles, platforms and programs. The State shall also institute measures to professionalize political parties, and make them viable instruments of development and good governance.

SEC. 3. *Purposes.* – This Act aims to:

- (a) Institutionalize reforms in the financing of electoral campaigns, so as to promote accountability and transparency;
- (b) Provide financial subsidies to political parties, to augment their expenditures for campaign purposes and for party development;
- (c) Promote party loyalty and discipline; and
- (d) Encourage and support continuing voter's education and civic literacy programs through the political parties.

SEC.4. *Coverage.* – This Act shall apply to Political Parties duly registered with and certified to as such by the Commission on Elections.

SEC. 5. *Definition of Terms.* – The following terms as used in this Act shall mean –

(a) “**Accredited Political Party**” refers to a Political Party qualified to receive subsidy for party development and campaign purposes, accredited for this purpose by the Commission

based on a set of criteria provided under this Act.

(b) “**Candidate**” refers to any person aspiring for, or seeking an elective public office, duly nominated by a political party, aggrupation or coalition thereof, and who has filed a certificate of candidacy with the Commission.

(c) “**Commission**” refers to the Commission on Elections.

(d) “**Campaign Contribution**” refers to any form of donation to any candidate, political party, aggrupation or coalition thereof, given before, during or after the holding of elections.

It includes any gift, donation, subscription, loan, advance or deposit of money or anything of value, or those arising from a contract, pledge or agreement to contribute, made for the purpose of influencing the results of the elections, but shall not include services rendered without compensation by individuals volunteering a portion or all of

their time in behalf of a candidate or political party. It also includes the use of office space, facilities, equipment, office supplies and other materials and fixtures voluntarily donated by other persons, or allowed their use for free, the monetary value of which shall be assessed based on market rates prevailing in a particular area. (e) “**Campaign Expenditure**” refers to any type of expense incurred, regardless of source, amount and purpose, that relates, directly or indirectly, to the conduct of an electoral campaign. It includes all payments of money or anything of value, or a contract, promise or agreement to spend, for the purpose of influencing the results of the election. It includes the use of office space and facilities personally owned by the candidate, the monetary value of the use of which shall be assessed based on the market rates prevailing in a particular area.

(f) “**COA**” refers to the Commission on Audit.

(g) “**Disclosure Requirement**” refers to the duty of all candidates and political parties, aggrupations or coalitions thereof to reveal the details of campaign contributions received by them, and the expenditures made on account thereof. For accredited political parties, it includes expenditures and destinations of party development and campaign monies given to them as their share in the State Subsidy Fund established under this act.

(h) “**Donor**” refers to any person, natural or juridical, who contributes money, property or any other form of material contribution to a candidate, political party, aggrupation or coalition thereof. (i) “**Donee**” refers to any candidate, political party, aggrupation or coalition thereof, or any representative acting on their behalf or interest, to whom money, property, or any other form of contributions made.

(j) “**Fund**” refers to the State Subsidy fund established under this Act.

(k) “**Member of a party**” is a natural person of good standing in a political party who complied with the requirements of party membership, including the payment of membership dues.

(l) “**Political Party**” refers to a political party, party list or an organized group of persons duly registered with the Commission, pursuing or advocating platforms, principles and policies for the general conduct of government and which nominates and supports its members as candidates for public office.

(m) “**Political Turncoatism**” refers to the change of political party affiliation by an elected official, during his or her term, except within six (6) months prior to the end of his or her term, Provided that, political turncoatism shall not apply in any of the following instances:

- i. Abolition, merger or coalition of political parties where a candidate is a registered member thereof;
- ii. Expulsion of the elected official in writing from his/her political party; Provided, that the cause for such does not constitute Political Opportunism. It includes political opportunism or any act of a party members constituting disloyalty to the party, or regular non-adherence to the party's ideological principles, platforms, and programs, as determined by the party in accordance with its constitution and by-laws.

(n) “**State Subsidy Fund**” refers to the fund for party development and campaign activities of accredited political parties under this Act.

(o) “**Voluntary Contributions**” refers to the contributions to candidate and/or political parties, aggrupations or coalitions thereof, from persons, natural or juridical, allowed under existing laws.

Chapter II

Institutionalization of Political Parties

SEC. 6. Registration as a Political Party. – Any organized group of persons seeking registration as a political party may file with the Commission a verified petition attaching thereto its constitution and by-laws, platform, principles, policies and general program of government a verified list of its national officials, members of the executive board, or its equivalent, and the heads of its regional, provincial, and city chapters, and such other relevant information as may be required by the Commission.

The Commission shall, after due notice and hearing, resolve the petition within ten(10) days from the date it is submitted for decision.

Political Parties already registered as such with the Commission prior to the effectivity of this Act are not required to register anew but are required to submit their intent to continue participating in elections within a period of six (6) months after the enactment of this law.

SEC. 7. *Policy Agenda and Program of Governance.* –Political Parties are mandated to craft a clear policy agenda and program of governance consistent with their party philosophy and ideals. The members of the Political Party shall endeavor to act in accordance with the defined party platform and pursue programs to fulfill party commitments.

SEC. 8. *Membership in a political party.* – A person becomes a member of a political party upon application duly signed, filed, and accepted by the party, and has complied with basic membership requirements of the party, including the regular payment of membership dues.

SEC. 9. *Selection of Candidates.* – The selection process for candidates of Political Parties shall be democratized through the adoption of a process that is fair, open and transparent.

Every Political Party is mandated to formulate a system on nomination and selection of candidates, in which all party members are involved. Every Political Party shall submit to the Commission its rules governing the system on nomination and selection of candidates not later than one hundred and eighty (180) days before the Election Day following the effectivity of this Act.

Any aggrieved member of an Accredited Political Party may file a verified complaint to its Grievance and Arbitration Committee not later than ten (10) days after the party convention, for violation of the rules governing the system on the nomination and selection of candidates. The aggrieved party has the right to appeal to the Commission. Upon finding violation of the system, the Commission shall revert the

grievance to the concerned political party. If the political party does not comply with the order of the Commission, said party shall be disqualified from participating in the elections.

Every Political Party may hold conventions to nominate their official candidates not earlier than 60 (60) days before the start of the campaign period and shall submit to the Commission not later than the start of the election period the names of the officials of the party authorized to nominate their official candidates.

No political party shall nominate more candidates than the number of persons required to be voted for in an elective position nor shall any candidate be allowed to accept nominations from more than one registered political party, except in cases of aggregations or coalitions thereof. Nominations made in violation hereof shall be denied due course by the Commission and the candidates concerned shall be considered independent candidates. The nominations of candidates of political parties shall be filed not later than the last day for filing of the certificates of candidacy as determined by the Commission.

SEC. 10 . *Contents of Certificate of Nomination.* – The certificate of nomination shall state that the person issuing the nomination is the duly authorized representative of the political party as provided for in its constitution and by-laws, that the person named therein is the official candidate of the party for the elective position stated, and that he has accepted said nomination. The certificate of nomination shall be subscribed under oath by the duly authorized representative of the political party.

SEC. 11 . *Limits on Voluntary Contributions.* – Voluntary contributions to any Political Party shall be limited to the following maximum amounts:

(a) Up to One Million Pesos (P100,000,000.00) from a natural person; and Up to Ten Million Pesos (P10,000,000.00) from a juridical person is allowed to make a voluntary contribution under existing laws.

(b) Any contribution in cash or in kind to political party for campaign purposes, duly reported to the Commission, shall be exempt from donor's tax.

SEC.12 . Voluntary Contributions to Party; How Made. – Voluntary contribution to a political party shall be deposited by the contributor to the account of the party with any reputable bank accredited by the Commission at any time but not later than fifteen (15) days before the day of election. The accredited banks shall issue a corresponding receipt to the contributor on the amount deposited, and shall submit to the Commission a statement of account of every political party with deposits. The Commission shall cause the publication of the account of all political parties in any newspaper of general circulation within five (5) days before the elections.

SEC. 13. Changing Political Party Affiliation by elected officials. – Any elected official of a Political Party who changes party affiliation, after being nominated by the party, shall be deemed to have committed Political Turncoatism, except within six (6) months prior to elections.

SEC. 14. Penalties for Political Turncoatism. – Political Turncoats shall be:

- (a) Deemed to have forfeited his/her office, if he/she is an elected official who changes political party affiliation, except during six (6) months prior to elections;
- (b) Disqualified from running for any elective position in the next succeeding election immediately following the act of changing political party affiliation;
- (c) Prohibited from being appointed or from holding any position in any public or government office for three (3) years after the expiration of his/her current term;
- (d) Prohibited from assuming any executive or administrative position in his/her new political party; and
- (e) Directed to refund any and all amounts he/she received from his/her political party, plus a twenty five percent (25%) surcharge thereon.

SEC. 15. Petition for Disqualification. – Any citizen of voting age, or any candidate, political party, aggrupation or coalition thereof, may file with the Commission, within

fifteen (15) days from the filing of the certificate of candidacy and before proclamation, a petition to disqualify a candidate on the ground of political turncoatism as defined in this Act.

SEC. 16. Authorized Expenses of National Political Parties. – The amount that a Political Party may spend for every election campaign shall be Eleven Pesos (P11.00) for every voter currently registered in the constituency or constituencies where it has official candidate; The Commission shall adjust the authorized amount based on the Consumer Price Index every three (3) years following the effectivity of this Act.

Chapter 3 **State Subsidy Fund**

SEC. 17. Establishment of a State Subsidy Fund. – There is hereby established a State Subsidy Fund, which shall be used to augment the operating funds of the Accredited National Political Parties. The fund shall be used directly and exclusively for the following purposes:

- (a) Party development; and
- (b) Campaign expenditures.

SEC. 18. Allowable Party Development Activities. – Due to the vital role played by the Political Parties in the country's political development, and in order to promote professionalism and accountability among members of the parties, the following party development activities shall be allowed to be funded out of the State Subsidy Fund:

- (a) Party administration, recruitment and civic education;
- (b) Research and policy development;
- (c) Education and training of members;
- (d) Institution building and constituent outreach program; and

- (e) Other reasonable logistical and operational expenses that are essential in strengthening the party.

SEC. 19. *Allowable Campaign Expenditures.* – The Accredited Political Parties are authorized to use the subsidy given to them only for the following campaign activities:

- (a) Operating expenses of the party, which may include hiring of personnel, professional secretariat, setting up of headquarters, and other relevant electoral expenditures;
- (b) Traveling expenses of the candidates and support personnel in the course of the campaigns, and for personal expenses incidents thereto;
- (c) Information dissemination and advocacy campaigns of the political party;
- (d) Production and distribution of electoral paraphernalia and other propaganda materials; and
- (e) Other expenditures under Section 102 of the Omnibus Election Code.

SEC. 20. *Accreditation.* – A Political Party eligible in accordance with Section 20 hereof, and which desires to be entitled to the rights and privileges as recipient of the subsidy provided for under this Act, may apply for accreditation by the Commission, under such rules and regulations as the Commission shall prescribe consistent with the provisions of this Act.

SEC. 21. *Criteria for Eligibility.* – The Commission shall accredit Political Parties eligible to receive subsidy from the State Subsidy Fund, based on the following general criteria:

- (a) ***Political representation***, consisting of the incumbent president, vice president, members of congress, governors, city mayors and;
- (b) ***Organizational strength and mobilization capability***, which may include the number of political chapters, organizations nationwide, and number of dues paying and permanent members of the party;

(c) **Performance and track record of the party**, which may include its performance in the past elections and its ability to field candidates in the coming elections.

SEC. 22. Effects of Accreditation. – A duly accredited Political Party shall be entitled to the rights and privileges accorded under this Act. Likewise, the accredited national political party shall be subject to the regulations set forth in this Act and its implementing rules as prescribed by the Commission.

SEC. 23. Distribution of the Fund. – The total amount of State Subsidy Fund released annually shall be distributed as follows:

- (a) Five percent (5%) of the fund shall accrue to the Commission, to be used exclusively for monitoring purposes and the conduct of information dissemination campaigns and voters' education;
- (b) Thirty percent (30%) of the fund shall be proportionately and ratably distributed to accredited political parties represented in the Senate based on the number of seats obtained in the most recent general elections;
- (c) Sixty Five (65%) of the fund shall be proportionately and ratably distributed to accredited political parties represented in the House of Representatives based on the number of seats obtained in the most recent general elections.

The share of each of the Accredited Political Parties in the State Subsidy Fund shall be released only upon proof that the concerned party has raised an amount equal to its share in the Fund from membership dues and voluntary contributions; Provided that, the party concerned that fails to raise an amount equal to its share in the fund shall only receive an amount raised from its share in the fund equal to the amount raised from membership dues and voluntary contributions; Provided further, that the balance, if any, from the share in the Fund of the party concerned shall be forfeited and reverted to the general funds of the Government.

SEC. 24. Schedule of Releases from the Fund. – For purposes of this Act, all releases from the State Subsidy Fund during a non-election year shall be used exclusively for party development activities. Funds released during an election year shall be divided as follows: seventy five percent (75%) shall be used for campaign expenditures, and twenty five percent (25%) for party development activities. The Commission shall inform the Accredited Political Parties of the schedule of releases as well as the amount of the subsidy allocated at the start of every fiscal year.

SEC. 25. Management of the Subsidy. – The Accredited Political Parties availing of the subsidy shall maintain a separate financial account for the funds used to finance campaign activities and party development, respectively.

Every Accredited Political Party shall submit to the Commission a detailed program of activities as well as the breakdown of expenditures drawn from the Fund by the end of December of every fiscal year. No Accredited Political Party shall be allowed to use the subsidy for purposes other than those indicated in this Act.

Chapter 4

Disclosures and Performance Monitoring

SEC. 26. Audit of the Fund. – The COA shall examine the financial reports of the Accredited Political Parties on their use of the State Subsidy Fund. Membership dues and voluntary contributions to any Accredited Political Party shall be accounted for separately under a different set of books of accounts, which shall be open to inspection by the COA.

SEC. 27. Party Ethics. – Accredited Political Parties shall institute internal control mechanisms to promote accountability and transparency. Accredited Political Parties shall likewise develop and enforce an internal code of conduct and ethical standards for its party members to uphold the values and standards of public life, and to formulate and implement disciplinary procedures for party members: Provided that, said program for

internal controls, ethical standards and disciplinary procedures shall all be duly submitted to the Commission and made available to the public. No political party shall select and nominate a candidate who has been convicted by final judgment for any criminal offense.

SEC. 28. *Full Disclosure.* – The officials of every Accredited Political Party shall submit a sworn statement of their assets and liabilities to the Commission which shall be made available to the public at least six (6) months before elections. All Accredited Political Parties and their candidates shall also be required to submit with the Commission and make a public disclosure of all contributions as well as expenditures incurred for the use of the State Subsidy Fund thirty (30) days after the elections. All these disclosures shall be made through the official website of the Commission and in a newspaper of general circulation.

SEC. 29. *Other Reports.* The following shall be reported by the Accredited Political Parties and their candidates:

- (a) The amount of contributions for the elections, the date of receipt by the bank or by the duly authorized representative of the party, and the full name and exact address of the person, whether natural or juridical, from whom the contribution was received;
- (b) A full report of expenditures and receipts incurred during the campaign, including those which were drawn from the State Subsidy Fund, if any;
- (c) Post –election disclosure statements as required under existing laws, which must be submitted to the Commission within thirty (30) days after election day. Late submissions shall be subject to a fine in such amounts as may be determined by the Commission; and
- (d) Detailed breakdown of expenditures for the party development activities charged against the State Subsidy Fund. The financial report covering the party development activities shall be submitted annually, at the end of every fiscal year. The subsidy for the succeeding year will not be released without the submission of the said report covering the preceding year.

SEC. 30. Failure to Comply With Disclosure and Reporting Requirements. – Failure of the Accredited Political Party to comply with the provisions of this Act will result in its disqualification from receiving its share in the State Subsidy Fund, which shall revert to the general funds of the Government, and forfeiture of all the rights and privileges to which it would have been entitled under this Act.

SEC. 31. Performance Monitoring and Reporting System. – The Commission and the COA shall jointly design and implement, in consultation with political parties, aggrupations or coalitions thereof, accredited citizens' arms, the private sector and non-governmental organizations, and government agencies, an integrated political party development and campaign subsidy performance monitoring and reporting system. The performance and monitoring system shall identify, define and operationalize a system of performance indicators and measures for party development and campaign subsidy deployment.

The Commission and the COA shall, based on the results of the system, publish and disseminate annual reports on the development of political parties that have received subsidies and on the distribution, use and results of the campaign subsidies provided to political parties.

SEC. 32. Publication and Dissemination of the Political Party Development and Campaign Subsidy Performance Reports. – The political party development and campaign subsidy performance reports shall be submitted to both houses of the Congress of the Philippines not later than June 30 of every year, and shall be made available to the public via the internet and mass media as a guide for the citizenry in evaluating political parties for the purpose of participating in their program of activities, and in supporting, affiliating with, or joining them.

Chapter 5

Miscellaneous Provisions

SEC. 33. *Punishable Acts.* – The following acts shall be punishable:

- (a) Misuse of funds received by Political Parties both from the State Subsidy Fund and from voluntary contributions;
- (b) The giving of voluntary contributions which go beyond the allowable limits set under this Act and other existing laws;
- (c) Inability to account for all incoming contributions from whatever source;
- (d) Failure to submit pre-election as well as post-election disclosure statements to the Commissions; and
- (e) False reporting or any misrepresentation in the financial statement reports.

SEC. 34. *Penalties.* – (a) Any candidate or official of any Political Party who violates any provision of this Act shall be punished with imprisonment of not less than six (6) years but not more than twelve (12) years, or a fine ranging from one hundred thousand pesos (P100,000) to five hundred thousand pesos (P500,000), or both. He shall, likewise, be disqualified to hold public office. Any Political Party that violates any provision of this Act shall pay a fine of not less than five hundred thousand pesos (P500,000) but not more than five million pesos (P5,000,000); (b) Any Political Party that fails to comply with any of the documentary requirements set forth in this Act shall be subject to administrative sanctions by the Commission, which shall include temporary or permanent cancellation of the party's registration, as well as payment of fines consistent with existing laws and regulations.

SEC. 35. *Appropriations.* – The amount of Five Hundred Million Pesos (P500,000,000.00) is hereby appropriated out of the funds of the National Treasury not otherwise appropriated, effective immediately upon the approval of this Act. Every year thereafter, and not later than January 15 of every year; there shall be appropriated the amount Three Hundred Fifty Million Pesos (P350,000,000.00). All such amounts

appropriated pursuant to this Act shall go to the State Subsidy Fund, which shall be administered by the Commission.

The Commission and the Department of Budget and Management (DBM) shall promulgate guidelines to facilitate the release of the funds to every accredited political party.

SEC. 36. Lead Agency. – The Commission is hereby mandated as the independent regulatory agency charged with administering and enforcing the provisions of the Act.

SEC. 37. Applicability. – The provisions of Batas Pambansa Blg. 881, as amended, otherwise known as the “Omnibus Election Code of the Philippines,” and other election laws not inconsistent with this Act shall apply suppletorily.

SEC. 38. Rules and Regulations. – The Commission shall promulgate the necessary rule and regulations to effectively implement the provisions of this Act.

SEC. 39. Repealing Clause. – All laws, orders, issuances, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed, modified or amended accordingly.

SEC. 40. Separability Clause. – If any part of this Act is held invalid or unconstitutional, the other parts or provisions thereof not affected thereby shall remain valid and effective.

SEC. 41. Effectivity. – This Act shall take effect fifteen (15) days from its publication in at least two (2) national newspapers of general circulation.

Approved.

FIFTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
Second Regular Session

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SENATE BILL NO. _____
(*Substitution of S. No. 51 and 607*)

Prepared by the Committee on Constitutional Amendments, Revision of Codes and Laws, and the Committee on Finance, with Senators Edgardo J. Angara, Jinggoy Ejercito Estrada, Defensor Santiago, Drilon and members of the Committees, as authors

AN ACT
STRENGTHENING THE POLITICAL PARTY SYSTEM, APPROPRIATING FUNDS
THEREFOR, AND FOR OTHER PURPOSES

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SEC. 3. Purposes. - This Act aims to:

- a) Institutionalize reforms in the financing of electoral campaigns, so as to promote accountability and transparency;

- b) Provide financial subsidies to political parties, to augment their expenditures for campaign purposes and for party development;
- c) Promote party loyalty and discipline; and
- d) Encourage and support continuing voters' education and civic literacy programs through the political parties.

SEC. 4. Coverage. - This Act shall apply to National Political Parties duly registered with and certified to as such by the Commission on Elections.

SEC. 5. Definition of Terms. - The following terms as used in s Act shall mean-

- a) "**Accredited National Political Party**" refers to a National Political Party qualified to receive subsidy for party development and campaign purposes, accredited for this purpose by the Commission based on a set of criteria provided under this Act.
- b) "**Candidate**" refers to any person aspiring for, or seeking an elective public office, by himself or duly nominated by an accredited political party, aggrupation or coalition of parties and who has filed a certificate of candidacy with the commission on elections.
- c) "**Commission**" refers to the Commission on Elections.
- d) "**Campaign Contribution**" refers to any form of donation to any candidate, political party, aggrupation or coalition thereof, given before, during or after the holding of elections. It includes any gift, donation, subscription, loan, advance or deposit of money or anything of value, or those arising from a contract, pledge or agreement to contribute, made for the purpose of influencing the results of the elections, but shall not include services rendered without compensation by individuals volunteering a portion or all of their time in behalf of a candidate or political party. It also includes the use of office space, facilities, equipment, office supplies and other materials and fixtures voluntarily donated by other persons, or allowed their use for free, the monetary value of which shall be assessed based on market rates prevailing in a particular area.

- e) "**Campaign Expenditure**" refers to any type of expense incurred, regardless of source, amount and purpose, that relates, directly or indirectly, to the conduct of an electoral campaign. It includes all payments of money or anything of value, or a contract, promise or agreement to spend, for the purpose of influencing the results of the election. It includes the use of office space and facilities personally owned by the candidate, the monetary value of the use of which shall be assessed based on the market rates prevailing in a particular area.
- f) "**COA**" refers to the Commission on Audit.
- g) "**Disclosure Requirement**" refers to the duty of all candidates and political parties, aggrupations or coalitions thereof to reveal the details of campaign contributions received by them, and the expenditures made on account thereof. For accredited national political parties, it includes expenditures and destinations of party development and campaign monies given to them as their share in the State Subsidy Fund established under this act.
- h) "**Donor**" refers to any person, natural or juridical, who contributes money, property or any other form of material contribution to a candidate, political party, **aggrupation** or coalition thereof.
- i) "**Donee**" refers to any candidate, political party, aggrupation or coalition thereof, or any representative acting in their behalf or interest, to whom money, property, or any other form of contribution is made.
- j) "**Fund**" refers to the State Subsidy Fund established under this Act.
- k) "**National Political Party**" refers to a political party or an organized group of persons duly registered with the Commission, whose constituency is effectively spread across the geographical territory of all or a majority of the administrative regions of the Philippines, pursuing or advocating platform, principles and policies for the general conduct of government and which, as the most immediate means of securing their adoption and implementation, regularly nominates and supports its members as candidates for public office.

- i) "**Political Turncoatism**" refers to the change of political party affiliation by any candidate within eight (8) months prior to the election whether or not elected, from the time he was first nominated; Provided that, the term shall not include any such change in party affiliation before the effectivity of this Act; Provided further that, political turncoatism shall not apply in any of the following instances:
 - iii. Abolition, merger or coalition of political parties where a candidate is a registered member thereof;
 - iv. Expulsion in writing, of the registered member from his/ her political party; Provided, that the cause for such does not constitute Political Opportunism. It includes political opportunism or any act of a party member constituting disloyalty to the party, or regular non-adherence to the party's ideological principles, platforms, and programs, as determined by the party in accordance with its constitution and by-laws.
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- n) "**Voluntary Contributions**" refers to the contributions to candidates and/or political parties, aggrupations or coalitions thereof, from persons, natural or juridical, allowed under existing laws.

Chapter II

Institutionalization of Political Parties

SEC. 6. Registration as a National Political Party. - Any organized group of persons seeking registration as a national political party may file with the Commission a verified petition attaching thereto its constitution and by-laws, platform, principles, policies and general program of government, a verified list of its national officials, members of the executive board, or its equivalent, and the heads of its regional, provincial, and city chapters, annual statement of accounts, and such other relevant information as may be required by the Commission.

The Commission shall, after due notice and hearing, resolve the petition within ten (10) days from the date it is submitted for decision.

National Political Parties already registered as such with the Commission prior to the effectivity of this Act are not required to register anew,

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Towards this end, every National Political Party is mandated to formulate a merit system on nomination and selection of candidates who must be members of the party. Every National Political Party shall submit to the Commission its rules governing the merit system on nomination and selection of candidates not later than one hundred and eighty (180) days before the Election Day following the effectivity of this Act.

Any aggrieved member of an Accredited National Political Party may file a verified complaint to its Grievance and Arbitration Committee not later than ten (10) days after the party convention, for violation of the rules governing the merit system on the nomination and selection of candidates. Every National Political Party may hold conventions or meetings to nominate their official candidates not earlier than fifteen (15) days before the start of election period and shall submit to the Commission not later than the start of the election period the names of the officials of the party authorized to nominate their official candidates.

No political party shall nominate more candidates than the number of persons required to be voted for in an elective position nor shall any candidate be allowed to accept nominations from more than one registered political party, except in cases of aggrupation or coalitions thereof. Nominations made in violation hereof shall be denied due course by the Commission and the candidates concerned shall be considered independent candidates. The nominations of candidates of political parties shall be filed not later than the last day for filing of the certificates of candidacy as determined by the Commission.

SEC. 9. *Contents of Certificate of Nomination.* - The certificate of nomination shall state that the person issuing the nomination is the duly authorized representative of the political party as provided for in its constitution and by-laws, that the person named therein is the official candidate of the party for the elective position stated, and that he has accepted said nomination. The certificate of nomination shall be subscribed under oath by the duly authorized representative of the political party.

SEC. 10. *Limits on Voluntary Contributions.* - Voluntary contributions to any National Political Party shall be limited to the following maximum amounts:

- c) Up to One Hundred Thousand Pesos (P100, 000.00) from a natural person; and
Up to One Million Pesos (P1, 000,000.00) from a juridical person is allowed to make a voluntary contribution under existing laws.
- d) Any contribution in cash or in kind to any candidate or political party for campaign purposes, duly reported to the Commission, shall be exempt from donor's tax.

SEC. 11. *Voluntary Contributions to Party; How Made.* – Voluntary contribution to a political party shall be deposited by the contributor to the account of the party with any reputable bank accredited by the Commission, within six (6) months prior to the campaign period but not later than fifteen (15) days before the day of election. The accredited banks shall issue a corresponding receipt to the contributor on the amount deposited, and shall submit to the Commission a statement of account of every political

party with deposits. The Commission shall cause the publication of the account of all political parties in any newspaper of general circulation within a reasonable time as determined by the Commission.

SEC. 12. *Changing Political Party Affiliation.* - Any member of a National Political Party who changes party affiliation after being nominated by the party shall be deemed to have committed Political Turncoatism.

SEC. 13. *Penalties for Political Turncoatism.* - Political Turncoats shall be:

- a) Deemed to have forfeited his/her office, if he/she is an elected official who changes political party affiliation during his/her term of office;
- b) Disqualified from running for any elective position in the next succeeding election immediately following the act of changing political party affiliation;
- c) Prohibited from being appointed or from holding any position in any public or government office for three (3) years after the expiration of his/her current term;
- d) Prohibited from assuming any executive or administrative position in his/her new political party; and
- e) Directed to refund any and all amounts he/she received from his/her political party, plus a twenty five percent (25%) surcharge thereon;
- f)

SEC. 14. *Petition for Disqualification.* - Any citizen of voting age, or any candidate, political party, aggrupation or coalition thereof, may file with the Commission, upon the filing of the certificate of candidacy and before proclamation, a petition to disqualify a candidate on the ground of political turncoatism as defined in this Act.

SEC. 15. *Authorized Expenses of National Political Parties.* - The amount that a National Political Party may spend for every election campaign shall be twenty Pesos (P20.00) for every voter currently registered in the constituency or constituencies where it has official candidate; The Commission shall adjust the authorized amount based on the Consumer Price Index every three (3) years following the effectivity of this Act.

Chapter 3

State Subsidy Fund

SEC. 16. Establishment of a State Subsidy Fund. - There is hereby established a State Subsidy Fund, which shall be used to augment the operating funds of the Accredited National Political Parties. The fund shall be used directly and exclusively for the following purposes:

- a) Party development; and
- b) Campaign expenditures.

SEC. 17. Allowable Party Development Activities. - Due to the vital role played by the National Political Parties in the country's political development, and in order to promote professionalism and accountability among members of the parties, the following party development activities shall be allowed to be funded out of the State Subsidy Fund:

- a) Party administration, recruitment and civic education;
- b) Research and policy development;
- c) Education and training of members;
- d) Institution building and constituent outreach program: and
- e) Other reasonable logistical and operational expenses that is essential in strengthening the party.

SEC. 18. Allowable Campaign Expenditures. - The Accredited National Political Parties are authorized to use the subsidy given to them only for the following campaign activities:

- a) Operating expenses of the party, which may include hiring of personnel, professional secretariat, setting up of headquarters, and other relevant electoral expenditures;
- b) Traveling expenses of the candidates and support personnel in the course of the campaign, and for personal expenses incident thereto;
- c) Information dissemination and advocacy campaigns of the political party;

- d) Production and distribution of electoral paraphernalia and other propaganda materials; and
- e) Other expenditures under Section 102 of the Omnibus Election Code.

SEC. 19. Accreditation. - A National Political Party eligible in accordance with Section 20 hereof, and which desires to be entitled to the rights and privileges as recipient of the subsidy provided for under this Act, may apply for accreditation by the Commission, under such rules and regulations as the Commission shall prescribe consistent with the provisions of this Act.

SEC. 20. Criteria for Eligibility. - The Commission shall accredit National Political Parties eligible to receive subsidy from the State Subsidy Fund, based on the following general criteria:

- d) **Political representation**, consisting of the incumbent president, vice president, members of congress, governors, vice-governors, city/municipal mayors and vice-mayors;
- e) **Organizational strength and mobilization capability**, which may include the identifiable political organizations and strengths as evidenced by their organized chapters; the number of political chapters, organizations nationwide, the number of active and permanent members of the party; and the number of incumbent elective officials belonging to them ninety (90) days before the date of elections;
- f) **Performance and track record of the party**, which may include the established record of the parties, that now composed them, taking into account, among other things, the number of years of existence of the party, their showing in the past elections as well as the ability of the party to field a slate of candidates from the municipal level to the position of senator in the immediately preceding national elections.

SEC. 21. Effects of Accreditation. - A duly accredited National Political Party shall be entitled to the rights and privileges accorded under this Act. Likewise, the

accredited national political party shall be subject to the regulations set forth in this Act and its implementing rules as prescribed by the Commission.

SEC. 22. *Distribution of the Fund.* - The total amount of State Subsidy Fund released annually shall be distributed as follows:

- a) Ten percent (10%) of the fund shall accrue to the Commission, to be used exclusively for monitoring purposes and the conduct of information dissemination campaigns and voters' education;
- b) Thirty percent (30%) of the fund shall be proportionately and ratably distributed to accredited national political parties represented in the Senate based on the number of seats obtained in the most recent general elections;
- c) Thirty percent (30%) of the fund shall be proportionately and ratably distributed to accredited national political parties represented in the House of Representatives based on the number of seats obtained in the most recent general elections;
- d) Thirty percent (30%) of the fund shall be proportionately and ratably distributed to accredited national political parties based on the number of seats obtained in local elective positions for governor, sangguniang panlalawigan, city mayor, city vice-mayor, sangguniang panglungsod, municipal mayor, municipal vice-mayor and sangguniang bayan in the most recent general elections.

The share of each of the Accredited National Political Parties in the State Subsidy Fund shall be released only upon proof that the concerned party has raised an amount equal to its share in the Fund from voluntary contributions; Provided that, the party concerned that fails to raise an amount equal to its share in the fund shall only receive an amount from its share in the fund equal to the amount raised from voluntary contributions; Provided further, that the balance, if any, from the share in the Fund of the party concerned shall be forfeited and reverted to the general funds of the Government.

SEC. 23. *Schedule of Releases from the Fund.* - For purposes of this Act, all releases from the State Subsidy Fund during a non-election year shall be used exclusively for party development activities. Funds released during an election year shall

be divided as follows: seventy five percent (75%) shall be used for campaign expenditures, and twenty five percent (25%) for party development activities. The Commission shall inform the Accredited National Political Parties of the schedule of releases as well as the amount of the subsidy allocated at the start of every fiscal year.

SEC. 24. *Management of the Subsidy.* - The Accredited National Political Parties availing of the subsidy shall maintain a separate financial account for the funds used to finance campaign activities and party development, respectively.

Every Accredited National Political Party shall submit to the Commission a detailed program of activities as well as the breakdown of expenditures drawn from the Fund by the end of December of every fiscal year.

No Accredited National Political Party shall be allowed to use the subsidy for purposes other than those indicated in this Act.

Chapter 4

Disclosures and Performance Monitoring

SEC. 25. *Audit of the Fund.* - The COA shall examine the financial reports of the Accredited National Political Parties on their use of the State Subsidy Fund. Voluntary contributions to any Accredited National Political Party shall be accounted for separately under a different set of books of accounts, which shall be open to inspection by the COA.

SEC. 26. *Party Ethics.* - Accredited National Political Parties shall institute internal control mechanisms to promote accountability and transparency. Accredited National Political Parties shall likewise develop and enforce an internal code of conduct and ethical standards for its party members to uphold the values and standards of public life, and to formulate and implement disciplinary procedures for party members: Provided that, said program for internal controls, ethical standards and disciplinary procedures shall be duly submitted to the Commission and made available to the public. No political party shall select and nominate a candidate who has been convicted for any criminal offense.

SEC. 27. *Full Disclosure.* - The officials of every Accredited National Political Party shall submit a sworn statement of their assets and liabilities to the Commission which shall be made available to the public. All Accredited National Political Parties and their candidates shall also be required to make a public-disclosure of all contributions as well as expenditures incurred for the use of the State Subsidy Fund. All these disclosures shall be made through the official website of the Commission and in a newspaper of general circulation.

SEC. 28. *Other Reports.* The following shall be reported by the Accredited National Political Parties and their candidates:

- e) The amount of contribution, the date of receipt by the bank, and the full name and exact address of the person from whom the contribution was received;
- f) A full report of expenditures and receipts incurred during the campaign, including those which were drawn from the State Subsidy Fund, if any;
- g) Post-election disclosure statements as required under existing laws, which must be submitted to the Commission within thirty (30) days after Election Day. Submissions made thirty (30) days after the deadline provided by law will be considered late and subject to a fine in such amounts as may be determined by the Commission; and
- h) Detailed breakdown of expenditures for the party development activities charged against the State Subsidy Fund. The financial report covering the party development activities shall be submitted annually, at the end of every fiscal year. The subsidy for the succeeding year will not be released without the submission of the said report covering the preceding year.

These reports are required of every accredited national political party and its candidates, regardless of the results of the elections.

SEC. 29. *Failure to Comply With Disclosure and Reporting Requirements.*

- Failure of the Accredited National Political Party to comply with the provisions of this Act will result in its disqualification from receiving its share in the State Subsidy Fund, which

shall revert to the general funds of the Government, and forfeiture of all the rights and privileges to which it would have been entitled under this Act.

SEC. 30. *Performance Monitoring and Reporting System.* – The Commission and the COA shall jointly design and implement, in consultation with political parties, aggrupations or coalitions thereof, accredited citizens' arms, the private sector and non-governmental organizations, and government agencies, an integrated political party development and campaign subsidy performance monitoring and reporting system. The performance and monitoring system shall identify, define and operationalize a system of performance indicators and measures for party development and campaign subsidy deployment.

The Commission and the COA shall, based on the results of the system, publish and disseminate annual reports on the development of political parties that have received subsidies and on the distribution, use and results of the campaign subsidies provided to political parties.

SEC. 31. *Publication and Dissemination of the Political Party Development and Campaign Subsidy Performance Reports.* - The political party development and campaign subsidy performance reports shall be submitted to both houses of the Congress of the Philippines not later than June 30 of every year, and shall be made available to the public via the internet and mass media as a guide for the citizenry in evaluating political parties for the purpose of participating in their program of activities, and in supporting, affiliating with, or joining them.

Chapter 5

Miscellaneous Provisions

SEC. 32. *Punishable Acts.* - The following acts shall be punishable:

- f) Misuse of funds received by National Political Parties both from the State Subsidy Fund and from voluntary contributions;
- g) The giving of voluntary contributions which go beyond the allowable limits set under this Act and other existing laws;
- h) Inability to account for all incoming contributions from whatever source;

- i) Failure to submit pre-election as well as post-election disclosure statements to the commission; provided, that any submissions past the late submission period set in section 28 (c) will be deemed as a failure to submit, hence, punishable under this act; and
- j) False reporting or any misrepresentation in the financial statement reports.

SEC. 33. *Penalties.* - (a) Any candidate or official of any National Political Party who violates any provision of this Act shall be punished with imprisonment of not less than six (6) years but not more than twelve (12) years, or a fine ranging from fifty thousand pesos (P50,000.00) to five hundred thousand pesos (P500,000.00), or both. He shall, likewise, be disqualified to hold public office. Any National Political Party that violates any provision of this Act shall pay a fine of not less than one hundred thousand pesos (P100,000.00) but not more than one million pesos (P1,000,000.00); (b) Any National Political Party that fails to comply with any of the documentary requirements set forth in this Act shall be subject to administrative sanctions by the Commission, which shall include temporary or permanent cancellation of the party's registration, as well as payment of fines consistent with existing laws and regulations; and (c) Any national political party who shall be found to be directly responsible for the accommodation of the political turncoats shall be stripped of its state subsidy after due notice and hearing before the commission.

SEC. 34. *Appropriations.* - The amount of Three Hundred Fifty Million Pesos (P350, 000,000.00) is hereby appropriated out of the funds of the National Treasury not otherwise appropriated, effective immediately upon the approval of this Act. Every year thereafter, and not later than January 15 of every year; there shall be appropriated the amount Three Hundred Fifty Million Pesos (P350, 000,000.00). All such amounts appropriated pursuant to this Act shall go to the State Subsidy Fund, which shall be administered by the Commission.

The Commission and the Department of Budget and Management (DBM) shall promulgate guidelines to facilitate the release of the funds to every accredited national political party.

SEC. 35. Lead Agency. - The Commission is hereby mandated as the independent regulatory agency charged with administering and enforcing the provisions of the Act. In addition, there is hereby created a campaign finance department in the commission to carry out the full administration and implementation of campaign finance regulations contained in this act.

SEC. 36. Applicability. -The provisions of Batas Pambansa Blg. 881, as amended, otherwise known as the "Omnibus Election Code of the Philippines," and other election laws not inconsistent with this Act shall apply suppletorily.

SEC. 37. Rules and Regulations. - The Commission shall promulgate the necessary rules and regulations to effectively implement the provisions of this Act.

SEC. 38. Repealing Clause. - All laws, orders, issuances, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed, modified or amended accordingly.

SEC. 39. Separability Clause. - If any part of this Act is held invalid or unconstitutional, the other parts or provisions thereof not affected thereby shall remain valid and effective.

SEC. 40. Effectivity. - This Act shall take effect fifteen (15) days from its publication in least two (2) national newspapers of general circulation.

Approved,