

THIRTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
FIRST REGULAR SESSION)

'04 JUL -7 P1:36

SENATE

RECEIVED BY: _____

Senate Bill No. 1415

Introduced by Senator Pangilinan

EXPLANATORY NOTE

The Action Program for Judicial Reform (APJR) initiated by Chief Justice Hilario G. Davide, Jr. identifies the major challenges faced by the Philippine Judiciary as follows:

- (1) the judiciary must implement reforms which restore public trust and confidence in the country's justice system;
- (2) judicial independence will be pursued in an administrative environment that is traditionally centralized;
- (3) the judiciary must take the lead in pursuing, synchronizing and sustaining the various reforms, several of which are not within its full administrative authority;
- (4) the reforms will require sustained top-level support and commitment within a political environment where achieving broad and continuing consensus require more persistent and conscientious efforts and where there is inadequate appreciation of the role of the justice system in socio-economic development and global competitiveness;
- (5) reform implementation must be programmed in accordance with the absorptive capacity for change of the judiciary and its stakeholders, and synchronized with oversight administrative reforms which impinge upon judicial reforms; and
- (6) the judiciary must ensure the continuous development and the institutionalization of capacities for sustaining the reform gains.

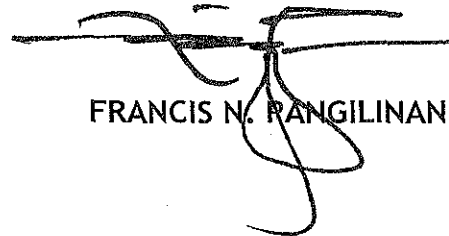
Realizing the importance of a fully effective, efficient and accountable judiciary in the creation of a strong republic, several stakeholders, including the administration, supported the call for reforms identified by Chief Justice Davide. In the legislative branch of government, we are called upon to enact landmark legislation embodying these reforms. Propelled by the vision of a fully trustworthy and competent judiciary, this representation initiated this legislative measure to reform and modernize the judiciary.

This bill provides that for a period of six years, the judiciary will utilize funds allocated by Congress to address the following components of judicial reform:

- (1) Judicial Systems and Procedure. The JRMP shall strengthen the capabilities of courts for better efficiency, flexibility and effectiveness. Efforts to improve the courts shall address several areas including Court Management systems, procedural rules, jurisdictional structure of the courts, and alternative dispute resolution mechanisms.
- (2) Institutional Development Reforms. The JRMP shall support the goals of providing access to justice, improving the speed of service delivery and ensuring the impartiality of judicial decisions.
- (3) Human Resource Development. The JRMP shall enhance the quality of continuing education for judges and court personnel, making it continuously responsive to changing needs; increasing access to such education; and sustaining investments in the same.
- (4) Reform Support Systems. The JRMP shall pursue the ultimate goals of achieving consensus by a majority of stakeholders and reform decision-makers, both internal and external, as well as harmonizing multi-sectoral support that will propel program implementation and the achievement of its vision.

A strong judiciary translates to a strong republic. Our country can achieve sustained economic and social development only if strong government institutions are in place to respond to the demands and needs of the people.

In view of the above considerations, the early passage of this bill is earnestly sought.



FRANCIS N. RANGILINAN

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AN ACT PRESCRIBING MEASURES TO REFORM AND MODERNIZE THE JUDICIAL BRANCH OF THE GOVERNMENT IN ORDER TO ENHANCE ITS INDEPENDENCE, EFFICIENCY AND EFFECTIVITY, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

SECTION 1. Short Title. – This Act shall be known as the "Judiciary Reform and Modernization Act of 2003."

Sec. 2. Declaration of Policy. – It is hereby declared the policy of the State to reform and modernize the Judiciary to a level where it can be fully independent, effective and efficient, worthy of public trust and confidence.

Toward this end, the principal thrust of this Act shall be the provision of full assistance and support to reform and modernization programs that promote:

- (a) the upgrading of appropriate technology and equipment necessary for the delivery of speedy and fair dispensation of justice to all;
- (b) judicial autonomy and independence from political interference;
- (c) the development of a system that shall improve the access to judicial and legal services and the quality of external inputs to the judicial process;
- (d) the efficient, effective and continuous improvement of judicial institutions; and
- (e) a judiciary that conducts business with dignity, integrity, accountability and transparency.

Sec. 3. Objectives of the Judiciary Reform and Modernization Program. – The Judiciary Reform and Modernization Program (JRMP) shall be implemented in accordance with the following objectives:

- (a) to establish mechanisms that will make the independence of the Judiciary an operating reality;

- (b) to strengthen the capacity of the Judiciary to operate as an efficient self-managing organization;
- (c) to strengthen institutional mechanisms for accountability; and
- (d) to ensure institutional independence and strengthening of internal organizational capacities that will preserve the conditions for decisional independence of justices and judges.

Sec. 4. Components of the Judiciary Reform and Modernization Program. – The JRMP shall consist of the following components:

- (a) **Judicial Systems and Procedure.** The JRMP shall strengthen the capabilities of courts for better efficiency, flexibility and effectiveness. Efforts to improve the courts shall address several areas including court management systems, procedural rules, jurisdictional structure of the courts, and alternative dispute resolution mechanisms.
- (b) **Institutional Development Reforms.** The JRMP shall support the goals of providing access to justice, improving the speed of service delivery and ensuring the impartiality of judicial decisions.
- (c) **Human Resource Development.** The JRMP shall enhance the quality of continuing education for judges and court personnel, making it continuously responsive to changing needs; increasing access to such education; and sustaining investments in the same.
- (d) **Reform Support Systems.** The JRMP shall pursue the ultimate goals of achieving consensus by a majority of stakeholders and reform decision-makers, both internal and external, as well as harmonizing multi-sectoral support that will propel program implementation and the achievement of its vision.

Sec. 5. Period of Implementation. – The JRMP, under this Act, shall be implemented over a period of six (6) years.

Sec. 6. Definition of Terms. –

- (a) **“Alternative Dispute Resolution System”** means any process or procedure used to resolve a dispute controversy, other than by adjudication of a presiding judge of a court or an officer of a Government Agency, as defined in this Act, in which a neutral third party participates to assist in the resolution of issues.
- (b) **“Authenticate”** means to sign, execute or adopt a symbol, or encrypt a Record in whole or in part intended to identify the authenticating party and to adopt, accept or establish the authenticity of a Record.
- (c) **“Confidential Information”** means any information expressly intended by the source not to be disclosed, or obtained under circumstances that would create a reasonable expectation on

behalf of the source that the information shall not be disclosed. It shall include (1) communication, oral or written, including any memoranda, notes or work product of the Mediation Party or Non-Party Participant, as defined in this Act, which occurs during Mediation or for purposes of considering, conducting, participating, initiating, continuing or reconvening Mediation or retaining a Mediator; and (2) any other information expressly intended by the source not to be disclosed, or obtained under circumstances that would create a reasonable expectation on behalf of the source that the information shall not be disclosed.

- (d) **"Court Annexed Mediation"** means any Mediation process conducted under the auspices of the court, after such court shall have acquired jurisdiction over the dispute.
- (e) **"Court Management"** refers to the utilization, mobilization and coordination of the various inputs, including but not limited to cases, facilities and technologies, financial and human resources, as they pass through the staged operating processes within a specified timeframe, and within a defined institutional structure within the court and between courts, such that a specified output and output configuration is generated as the end product, in accordance with the provisions of law.
- (f) **"Fiscal Autonomy"** contemplates a guarantee of full flexibility to allocate and utilize resources with the wisdom and dispatch that the needs require. It recognizes the power and authority to levy, assess and collect fees, fix rates of compensation not exceeding the highest rates allowed by law for compensation and pay plans of the government and allocate and disburse such sums as may be provided by law or prescribed in the course of the discharge of functions.
- (g) **"Government Agency"** means any government entity, office or officer, other than a court which is vested by law with quasi-judicial power or the power to resolve or adjudicate disputes involving the government, its agencies and instrumentalities, or private persons.
- (h) **"Judge-Arbitrator"** means the judge appointed to render an award, in a claim or action pending before a Small Claims Court.
- (i) **"Mediated Settlement Agreement"** means an agreement resulting from Mediation, addressing or resolving one, some or all of the issues arising from, or connected with, the pending dispute, drawn up by the Mediation Parties with the assistance of their respective counsel and the Mediator.
- (j) **"Mediation"** means a process in which a Mediator, selected by the disputing parties, facilitates communication and negotiation, and assists the Mediation Parties in reaching a voluntary agreement regarding a dispute.
- (k) **"Mediator"** means a person who conducts a Mediation; *Provided, however, that no person shall be designated as Mediator unless he holds a Bachelor of Laws degree in any University in the Republic*

of the Philippines; *Provided, further,* that the Mediation Agreement or the Mediation Parties may require that a Mediator shall have further special qualifications by background or profession.

- (l) **"Mediation Party"** means a person who participates in a Mediation and whose consent is necessary to resolve the dispute.
- (m) **"Non-Party Participant"** means a person, other than a Mediation Party or Mediator, who participates in a Mediation as a witness, resource person or expert.
- (n) **"Proceeding"** means a judicial, administrative, or other adjudicative process, including related pre-hearing or post-hearing motions, conferences and discovery.
- (o) **"Record"** means an information written on a tangible medium or stored in an electronic or other similar medium, retrievable in a perceivable form.
- (p) **"Small Claims Court"** means a court which exercises exclusive original jurisdiction over all civil actions where the value of the personal property or amount of the demand does not exceed Fifty Thousand Pesos (P50,000.00).

Chapter I JUDICIAL SYSTEMS AND PROCEDURES

Sec. 7. Declaration of Policy. – It is the policy of the State to engage in, and fully support, all continuing efforts to strengthen the capacities of the courts for better efficiency, flexibility and effectiveness. It shall assist in the acquisition of appropriate technology and equipment and in the upgrading of existing systems and procedures for the delivery of speedy and fair dispensation of justice to all.

Sec. 8. Special Concerns. -- The Judiciary shall formulate and implement a medium- and long-term comprehensive Judicial Systems and Procedures Modernization Plan that shall focus on four (4) major areas:

- (a) Court management systems;
- (b) Jurisdictional structure of the courts;
- (c) Judicial performance management system; and
- (d) Alternative dispute resolution mechanisms.

Sec. 9. Court Management Systems. – The Judiciary shall, within six (6) months from the effectivity of this Act, develop an integrated development plan geared toward the strengthening and improvement of the Court Management systems at the court, inter-court and enterprise levels. This

plan to improve the Court Management systems shall be guided by the following concerns:

- (a) **Update of the case management procedures and technology.** - targets shall be set to considerably increase the capacity of courts to process cases on time, manage the distribution of cases, monitor and track case location and status among judges and among levels of courts, detect forum shopping, and collect and analyze data for monitoring and evaluating the performance of courts and judges;
- (b) **Improvement of the staffing and personnel capacities.** - Staffing patterns, especially in the lower courts, shall be updated to enable the courts to effectively respond to the needs of the public. In improving the staffing patterns, the flexibility of duties and responsibilities and the clear distribution of staffing in relation to the scope and volume of work shall be taken into consideration; and
- (c) **Enhancement of the operating budgets of the trial courts.** -- The Judiciary shall endeavor to improve the fiscal and operational capacities of the trial courts for the latter's efficient and effective disposition of the case.

Sec. 10. Judicial Performance Management System. – The Judiciary shall, within six (6) months from the effectivity of this Act, install a more effective judicial performance management system that will define appropriate performance parameters, and effectively examine the achievements and shortcomings of the courts. There shall be further developed a uniform system for monitoring, recording, and analyzing case data, and making oversight monitoring and performance evaluation.

Sec. 11. Court Jurisdictional Structure. –

(a) **Creation of Additional Courts.**

(i) There shall be created the following additional courts:

- (1) At least one Regional Trial Court for every city, and Municipal Trial Courts in Cities in newly created cities;
- (2) Additional branches of Regional Trial Courts, Metropolitan Trial Courts and Municipal Trial Court in Cities; as follows:

Regional Trial Courts

Region/Province/City	No. of Proposed Additional Branches
NCJR	
Malabon City	2
Marikina City	2
Mandaluyong City	7

Parañaque City	7
Las Piñas City	9
Muntinlupa City	6
Valenzuela City	3
REGION I	
Abra	1
Ilocos Sur	4
Pangasinan	1
REGION III	
Bataan	1
Bulacan	1
Nueva Ecija	3
Pampanga	3
Tarlac	2
Zambales	3
REGION IV	
Batangas	4
Cavite	9
Laguna	5
Mindoro Oriental	1
Palawan	2
Quezon	5
Rizal	11
Romblon	1
REGION V	
Camarines Norte	1
Masbate	1
Sorsogon	1
REGION VI	
Iloilo	3
Guimaras	1
Negros Occidental	5
REGION VII	
Bohol	1
Cebu	18
Negros Oriental	1
REGION VIII	
Leyte	2
REGION IX	
Zamboanga del Norte	1
Zamboanga del Sur	2
Zamboanga Sibugay	2
REGION X	
Agusan del Sur	2
Bukidnon	4

REGION XI	
Davao del Norte	4
Compostela Valley	2
Davao del Sur	5
South Cotobato	5
Saranggani	3
Surigao del Sur	1
REGION XII	
Lanao del Norte	1
Lanao del Sur	3
Maguindanao	2
North Cotobato	2
Sultan Kudarat	1
Total number of proposed additional Regional Trial Court branches	167

**Metropolitan Trial Courts
National Capital Region**

Cities and Municipalities In the NCJR	No. of Proposed Additional Branches
Manila	20
Quezon City	46
Pasay City	2
Caloocan City	8
Makati City	38
Pasig City	6
Malabon City	2
Marikina City	5
Mandaluyong City	13
Parañaque City	7
Las Piñas City	17
Muntinlupa City	19
Valenzuela City	3
Navotas	1
San Juan	6
Taguig	3

Municipal Trial Courts in Cities

REGION	No. of Proposed Additional Branches
REGION 1	
Alaminos City	1
Baguio City	7
Candon City	1
Dagupan City	6
Laoag City	1

San Fernando City	10
Urdaneta City	3
REGION II	
Camayan City	1
REGION III	
Angeles City	12
Cabanatuan City	7
San Jose del Monte City	1
Tarlac City	2
REGION IV	
Antipolo City	6
Batangas City	8
Calamba	6
Calapan City	1
Lipa City	8
Lucena City	4
Puerto Princesa City	1
San Pablo City	4
REGION V	
Legaspi City	1
Naga City	4
REGION VI	
Bacolod City	11
Iloilo City	11
Passi City	1
Roxas City	1
REGION VII	
Cebu City	32
Dumaguete City	6
Lapu Lapu City	4
Mandaue City	1
REGION VIII	
Calbayog City	1
Tacloban City	1
REGION X	
Butuan City	1
Cagayan De Oro City	7
Valencia City	1
REGION XI	
Davao City	17
Digos City	1
Gen. Santos City	3
Koronadal City	2
Tagum City	3

REGION XII	
Cotobato City	1
Kidapawan	3

(ii) The Supreme Court shall have the authority to ascertain which branch or branches shall be established for a given year.

(b) **Small Claims Court.** (i) In line with the need to create a mechanism to decongest the dockets of courts, there shall be established for every two (2) Metropolitan Trial Courts, Municipal Trial Court, and Municipal Circuit Trial Courts, a Small Claims Court to be presided by a Small Claims Court Judge-Arbitrator. At the end of the six year period for implementation of this Act, the Small Claims Court created under, and pursuant to, this Act shall continue to exist and operate under the supervision of the Supreme Court.

(ii) **Qualifications.** - No person shall be appointed as a Small Claims Court Judge-Arbitrator unless he is a natural-born citizen of the Philippines, at least thirty (30) years of age, member of the Philippine Bar, and for at least five (5) years, has been engaged in the practice of law in the Philippines, or held a public office in the Philippines requiring admission to the practice of law as an indispensable requisite.

(iii) **Jurisdiction.** - The Small Claims Court shall exercise exclusive original jurisdiction over all civil actions where the value of the personal property or amount of the demand does not exceed Fifty Thousand Pesos (P50,000.00); *Provided*, that where there are several claims or causes of actions between the same parties or different parties, embodied in the same complaint, the amount of the demand shall be the totality of the claims in all causes of action, irrespective of whether the causes of action arose out of the same or different transactions; *Provided, further*, that a plaintiff can institute small claims actions to recover a total of One Hundred Thousand Pesos (P100,000.00) per annum; *Provided, finally*, that a plaintiff cannot file more than five (5) small claims actions per annum.

In the exercise of its jurisdiction, the Court may grant equitable relief in the form of rescission, restitution, and specific performance whether in lieu of, or in addition to, awards for money or damages. The Court shall exercise jurisdiction over the small claims action until there has been full payment, performance or satisfaction of its judgment or order.

(iv) **Parties.** - Any person who is at least eighteen (18) years of age may be a party to small claims of action. A minor or incompetent person may appear through a guardian *ad litem* appointed by a court of competent jurisdiction or by

the judge of the Small Claims Court where the action is filed.

- (v) **Representative.** - Except as permitted under this Act, no attorney-at-law or any individual other than the plaintiff or defendant may take part in the filing, conduct or defense of a small claims action; *Provided*, that an attorney-at-law may, for and in his own behalf, defend himself against any small claims action that has been filed against him; *Provided, further*, that the judgment creditor may avail of the services of an attorney-at-law for the enforcement of the judgment. Husbands and wives who sue with his or her spouse may represent the other in their claim or defense.
- (vi) **Nature of Proceedings.** - The hearing and disposition of small claims actions shall be informal without strict application of the rules of evidence, the object being to dispense justice promptly between the parties. The Supreme Court shall determine the Rules of Procedure in Small Claims Court, including the time and duration of sessions.
- (vii) **Mediation Center.** - In each Small Claims Court, there shall be a Mediation to be presided over by the Small Claims Court Judge-Arbitrator or by his duly authorized Mediator; *Provided*, That no person shall be designated as Mediator unless he/she holds a Bachelor of Laws degree from any University in the Republic of the Philippines.
- (viii) **Mandatory Mediation Conference.** - Prior to any hearing of any small claims action, the Small Claims Court Judge-Arbitrator shall order and schedule a mandatory Mediation conference between or among the parties for the purpose of resolving the dispute, or arriving at an amicable settlement, under the supervision of the Small Claims Court Judge or Mediator. Any settlement or resolution of the dispute arising from the Mediation conference shall be in writing and embodied in a legally enforceable resolution to be signed by the Small Claims Court Judge.

In case the Mediation efforts fail, the Small Claims Court Judge shall immediately set the case for hearing.
- (ix) **Judgments and Processes.** - All judgments determinative of the merits of the case shall be in writing, stating clearly the facts and the grounds on which they are based, signed by the Judge and filed with the Clerk of Court. The judgments or orders of the Court shall not be appealable, except on the ground of grave abuse of discretion.
- (x) **Honoraria and Allowances.** - Judge-Arbitrators of the Small Claims Courts shall receive such honoraria and allowances as may be determined by the Supreme Court.
- (xi) **Staffing Pattern and Pilot Test Areas.** - The Supreme Court shall submit to the President, within thirty (30) days

from the effectivity of this Act, a staffing pattern for all courts constituted pursuant to this Act, including plans for the establishment of pilot Small Claims Courts in areas as may be determined by the Supreme Court.

Sec. 12. Court Annexed Mediation. —

- (a) **Electronic Signatures in Global and E-Commerce Act.** - The provisions of the Electronic Signatures in Global and E-Commerce Act, and its Implementing Rules and Regulations shall apply to Proceedings contemplated in this Act.
- (b) **Exception to the Application of this Act.** - The provisions of this Act shall not apply to resolution or settlement of labor disputes covered by Presidential Decree No. 442, otherwise known as the Labor Code of the Philippines, as amended and its Implementing Rules and Regulations.
- (c) **Scope and Application of Rules.** - Mediation ordered by a trial court of a civil action pending before such court shall be governed by Supreme Court rules and regulations, and applicable guidelines for the implementation of Mediation and/or conciliation Proceedings. Except as otherwise provided by the Supreme Court rules and regulations, the succeeding provisions shall apply to Court Annexed Mediation.
- (d) **Sanctions.**- The Court shall impose appropriate sanctions upon the guilty party, including but not limited to, censure, imposition of a fine, or reimbursement of travel and other expenses of the obedient party, dismissal of action or declaration of default as provided in the Rules of Court if a party to the action shall: (i) fail to appear for Mediation; or (ii) engages in abusive conduct or language during Mediation Proceedings.
- (e) **Application and Interpretation.**- In applying and construing the provisions of this Chapter, consideration must be given to the need to promote candor of parties and Mediators through confidentiality of the Mediation process, the policy of fostering prompt, economical and amicable resolution of disputes in accordance with principles of integrity of the Mediation process, active party involvement, and informed self-determination by the parties, and the policy that the decision-making authority in the Mediation process rests with the parties.
- (f) **Confidential Information.**- Information obtained through Mediation Proceedings shall be subject to the following principles and guidelines:
 - (i) Information obtained through Mediation shall be privileged and confidential.
 - (ii) A Mediation Party, a Mediator or a Non-Party Participant may refuse to disclose, and may prevent any other person from disclosing a Confidential Information.
 - (iii) Confidential information shall not be subject to discovery and shall be inadmissible in any adversarial Proceeding,

whether judicial or quasi-judicial. However, evidence or information that is otherwise admissible or subject to discovery does not become inadmissible or protected from discovery solely by reason of its use in Mediation.

- (iv) In such an adversarial Proceeding, the following persons involved or previously involved in a Mediation may not be compelled to disclose Confidential Information obtained during Mediation: (1) the Mediation Parties to the dispute, (2) the Mediator or Mediators, (3) the counsel for the parties, (4) the Non-Party Participants, and (5) any person hired or engaged in connection with the Mediation as secretary, stenographer, clerk or assistant who obtains or processes Confidential Information.
- (v) The protection of this Act shall continue to apply even if a Mediator is found to be partial or failed to act impartially.
- (vi) A Mediator may not be called to testify to provide information gathered in Mediation. A Mediator who is wrongfully subpoenaed shall be reimbursed the full cost of his attorney's fees and related expenses.

- (g) **Waiver of Confidentiality.** - A privilege arising from the confidentiality of information may be waived in a Record, or it may be waived orally during a Proceeding, if it is expressly waived by the Mediator and the Mediation Parties and by a Non-Party Participant if the information is provided by such Non-Party Participant.

A person who discloses Confidential Information shall be precluded from asserting the privilege under this Chapter to bar disclosure of the rest of the information necessary to a complete understanding of the *previously disclosed information*. If a person suffers loss or damage as a result of the disclosure of Confidential Information by another who gains access to such Confidential Information, he shall be entitled to damages in a judicial Proceeding against the latter.

A person who discloses or makes a representation about a Mediation is precluded from asserting the privilege under this Chapter, to the extent that the *communication prejudices* another person in the Proceeding and it is necessary for the person prejudiced to respond to the representation of disclosure.

- (h) **Exceptions to Privilege.** -

- (i) There is no privilege against disclosure under this Chapter for a Mediation communication which is:
 - (1) in agreement evidenced by a Record Authenticated by all parties to the agreement;
 - (2) available to the public or that is made during a session of a Mediation which is open, or is required by law to be open, to the public;
 - (3) a threat or statement of a plan to inflict bodily injury or commit a crime of violence;

- (4) intentionally used to plan a crime, attempt to commit, or commit a crime, or conceal an ongoing crime or criminal activity;
 - (5) sought or offered to prove or disprove abuse, neglect, abandonment or exploitation in a Proceeding in which a Government Agency is protecting the interest of an individual protected by law; but this exception does not apply where a child protection matter is referred to Mediation by a court or a Government Agency participates in the child protection Mediation;
 - (6) sought or offered to prove or disprove a claim or complaint of professional misconduct or malpractice filed against a Mediator in a Proceeding; or
 - (7) sought or offered to prove or disprove a claim or complaint of professional misconduct or malpractice filed against a Mediation Party, Non-Party Participant, or representative of a Mediation Party based on conduct occurring during a Mediation.
- (ii) There is no privilege under this Chapter if a court finds, after a hearing in camera, that the party seeking discovery or the proponent of the evidence has shown that the evidence is not otherwise available, that there is a need for the evidence that substantially outweighs the interest in protecting confidentiality, and the Mediation communication is sought or offered in:
- (1) a court proceeding involving a crime or felony; or
 - (2) a Proceeding to prove a claim or defense under the law sufficient to reform or avoid liability on a contract arising out of Mediation.
- (iii) A Mediator may not be compelled to provide evidence of a Mediation communication or testify in such Proceeding.
- (iv) If a Mediation communication is not privileged under an exception in subsection (i) or (ii), only the portion of the communication necessary for the application of the exception for nondisclosure may be admitted. The admission of particular evidence for the limited purpose of an exception does not render that evidence, or any other Mediation communication, admissible for any other purpose.
- (i) **Prohibited Mediator Reports.**- A Mediator may not make a report, assessment, evaluation, recommendation, finding, or other communication regarding a Mediation to a court or agency or other authority that may make a ruling on a dispute that is the subject of Mediation; Provided, that, a Mediator may disclose whether the Mediation occurred or has terminated, and whether a settlement was reached.
- (j) **Mediator's Disclosure and Conflict of Interest.**- Before accepting a Mediation, an individual who is requested to serve as a Mediator shall:

- (i) make an inquiry that is reasonable under the circumstances to determine whether there are any known facts that a reasonable individual would consider likely to affect the impartiality of the Mediator, including a financial or personal interest in the outcome of the Mediation and any existing or past relationship with a party or foreseeable participant in the Mediation; and
- (ii) disclose to the Mediation Parties any such fact known or learned as soon as is practical before accepting a Mediation.

If a Mediator learns any fact described in subsections (i) and (ii) of this Section after accepting a Mediation, the Mediator shall disclose it as soon as practicable.

At the request of a Mediation Party, an individual who is requested to serve as Mediator shall disclose the Mediator's qualifications to mediate a dispute.

- (k) **Participation in Mediation.** - Except as otherwise provided in this Act, an individual designated by a Mediation Party may accompany a Mediation Party; or an attorney may provide legal representation and assistance to a Mediation Party. A waiver of this right shall be made in writing subscribed by the Mediation Party waiving it. A waiver of participation or legal representation may be rescinded at any time.

- (l) **Enforceability of an Agreement to Mediate.** - An agreement by the disputants to mediate shall not constitute a ground for the dismissal of the same complaint in court. Likewise, an agreement to mediate should not be used to delay the processing of the case, thus, Mediation should be completed within sixty (60) days from the signing of the agreement, but may be renewed by a joint agreement signed by the parties for another thirty (30) days.

(m) **Enforcement of Mediated Settlement Agreements.** -

- (i) Mediation Parties who have entered into a Mediated Settlement Agreement evidenced by a Record that has been Authenticated by the Mediator, Mediation Parties and if not waived, their attorneys may move the court or agency to enter a judgment in accordance with the mediated settlement agreement if:

- (1) all Mediation Parties to the Mediated Settlement Agreement join in the motion;
- (2) no litigation is pending on the subject matter of the Mediation;
- (3) all Mediation Parties to the Mediated Settlement Agreement are represented by counsel at the time it is entered and the motion is filed or such right to counsel is waived in writing by the Mediation Party;

- (4) the Mediated Settlement Agreement contains a statement to the effect that the Mediation Parties desire to seek summary enforcement of their agreement;
 - (5) no Mediation Party withdraws support for the motion before entry of judgment; and
 - (6) the Mediated Settlement Agreement does not relate to a separation or marriage dissolution.
- (ii) If the requirements of the preceding subsection are satisfied, the Court shall enter judgment. The judgment may be Recorded, docketed and enforced as any other judgment in a civil action.
- (iii) A settlement agreement following successful Mediation shall be drawn up by the Mediation Parties with the assistance of their respective counsel and the Mediator. In drawing up a settlement agreement in which the whole or part of the obligation of at least one of the Mediation Parties will be fulfilled in the future, the Mediation Parties and the Mediator shall endeavor to make the terms and conditions thereof complete and make adequate provisions for the contingency of breach and avoid conflicting interpretations of the Mediated Settlement Agreement. The Mediation Parties may agree, in the Mediated Settlement Agreement or during the Mediation Proceedings, that the Mediator shall become a sole arbitrator for the dispute and release the Mediated Settlement Agreement as an arbitral award which shall be subject to enforcement under the provisions hereof.

Chapter II INSTITUTIONS DEVELOPMENT

Sec. 13. **Declaration of Policy.** — It is the policy of the State to provide the systems and resources needed to support the reform efforts of the Judiciary by equipping it with the structures integral to the reformation and modernization of the entire judicial system. It shall assist in the acquisition of appropriate technology and equipment and in the upgrading of existing systems and procedures for the delivery of speedy and fair dispensation of justice to all.

Sec. 14. **Special Concerns.** — The plan for Institutions Development shall deal with the following areas of concern:

- (a) Fiscal autonomy and financial resources generation;
- (b) Administrative structure and operations;
- (c) Information systems capacity improvement; and
- (d) Infrastructure and support facilities.

Sec. 15. Fiscal autonomy and financial resources generation. – The Judiciary shall improve its organizational capacities to respond to its internal management operations and effectively exercise fiscal autonomy in the generation and utilization of its financial resources.

Sec. 16. Administrative structure and operations - The Judiciary, during the first year of the implementation of the JRMP, shall reengineer its administrative structure, staffing and operations system to reflect improvements in the following areas:

- (a) Financial management and administrative functions that is effectively linked with the planning, budgeting and performance management systems of the entire court system;
- (b) Overall control and coordination of enterprise-wide mission-critical and support operations;
- (c) Revenue generation capacities and performance; and
- (d) Scope of financial and administrative functions, authority, responsibility, accountability and resources of the courts.

Sec. 17. Information systems capacity improvement - The Judiciary shall, within the first year from the effectivity of this Act, develop a comprehensive Information Systems Strategic Plan that will direct the use of information technology to achieve operational efficiency and effectiveness.

This strategic plan shall be formulated to attain a cohesive enterprise-wide information system that will seamlessly integrate mission-critical and administrative and financial business processes, in order to generate comprehensive analytic information that will allow the management of performance, improve revenue generation, facilitate better-informed decision-making, streamline and interconnect workflows and transaction processes, and generally simplify work.

Chapter III HUMAN RESOURCE DEVELOPMENT

Sec. 18. Declaration of Policy. – It is the policy of the State to fully support all efforts geared toward the development of judicial human resources, particularly the cooperation and effective performance of human resource development efforts of institutions inside and outside the Judiciary and the improvement of the quality of, and access to, the judicial and legal education in the country.

Sec. 19. Special Concerns. – The Supreme Court shall develop a Comprehensive Human Resource Development Plan that will identify the training needs in the context of reforming the entire judicial organization. This Plan shall include, but shall not be limited to, the following areas of concerns:

- (a) Judicial appointments and career development;
- (b) Training and development of court personnel;
- (c) Judicial education;
- (d) Remuneration systems reengineering; and
- (e) Legal education

Sec. 20. **Judicial career development.** — The Judiciary shall conduct an evaluation of the present career development of the members of the Bench with the end goal of developing a career path mechanism that shall serve as a strategy for improved performance and accountability in the judicial system.

Sec. 21. **Training and development of court personnel.** — The Supreme Court shall institute a formal planning system, where goals and objectives for the court workforce are developed, the requisite skills are identified, and gaps are pinpointed as objects of needed training. The Supreme Court shall thereafter develop a comprehensive training and development program that shall provide training opportunities among court personnel.

Sec. 22. **Judicial education.** — The Supreme Court shall strengthen the overall capacities of the Philippine Judicial Academy (PHILJA), reengineer its judicial education program, improve mechanisms to increase access to judicial education, and maximize investments in judicial education.

The Supreme Court shall assess the entire judicial education environment and conditions as basis for better-informed reform formulation through a survey and definition of overall judicial training requirements.

The Supreme Court shall also conduct an institutional assessment of the PHILJA, formulate the Academy's medium term investment requirements for reforms and programs in judicial human resource development, identify and define the level and mix of resources required to operate the PHILJA, and support its corporate plan implementation.

The Judiciary shall conduct an evaluation of judicial education programs and curricular revisions, develop new curricula, and train new judicial educators as well as court-annexed and court-referred Mediation. It shall also formulate the technical basis and preparation of modules for distance judicial education for judges and produce helping tools and materials for trial court judges.

Within five (5) years from the effectivity of this Act, the PHILJA shall endeavor to regionalize its operations by delivering its programs to the judges and court personnel in the different regions throughout the country.

A PHILJA training complex shall be constructed to include appropriately equipped conference rooms, a library, teleconferencing facilities, comfortable accommodation for participants and lecturers, and medical and recreational facilities. The Academy will also acquire basic equipment for the printing of its materials, as well as other instructional hardware. Computer units and

appropriate applications required in training shall be installed in the training center; and equipment needed for distance-education shall be acquired.

Sec. 23. Legal education. – The Judiciary shall conduct a survey and a comprehensive assessment of the law schools in the country, including their curricula, institutional structures, teaching manpower, resources, among others.

Also, the Judiciary, after the expiry of the first period of the Mandatory Continuing Legal Education Program of the Supreme Court, shall make an overall assessment of the service providers and shall document and analyze the quality of training provided during the said period.

Chapter IV GENERAL PROVISIONS

Sec. 24. Appropriations for the Judiciary Reform and Modernization Program. – The annual appropriations for the Judiciary Reform and Modernization Program shall include the amounts necessary to support the funding requirements for all modernization projects provided under the preceding sections.

The funds to be appropriated by Congress under this Act shall be treated as a distinct and separate budget item from the regular appropriation for the Judiciary and shall be administered by the Supreme Court.

The proposed program shall be based on a ceiling of Two Billion Five Hundred Forty Eight Million One Hundred Thirty Thousand Nine Hundred Eleven Pesos (PhP2,548,130,911); *Provided*, that the amount shall be allocated and disbursed as follows:

- (a) Two Hundred Fifty Million Pesos (PhP250,000,000) for the creation of Small Claims Courts;
- (b) Thirty Six Million Nine Hundred Sixteen Thousand Eight Hundred Seventy Eight Pesos (PhP36,916,878) for the improvement of the Court Management Systems;
- (c) Three Million Twenty Five Thousand Two Hundred Seventy Four Pesos (PhP3,025,274) for the development of the Judicial Performance Management System;
- (d) Two Billion Eighty Six Million Six Hundred Fifty Eight Thousand Seven Hundred Thirty Nine Pesos (PhP2,086,658,739) for the Institutions Development component of the JRMP;
- (e) One Hundred Sixty Two Million Four Hundred Eighty Seven Thousand One Hundred Eighty Six Pesos (PhP162,487,186) for the Human Resource Development component of the JRMP;

- (f) Two Million Seven Hundred Twenty Four Thousand Five Hundred Sixteen Pesos (PhP2,724,516) for the improvement of the jurisdictional structure of the courts; and
- (g) Six Million Three Hundred Eighteen Thousand Three Hundred Eighteen Pesos (PhP6,318,318) for the development of the Alternative Dispute Resolution System.

Sec. 25. Initial and Continuing Appropriation. – For the first year of implementation of this Act, the amount of Four Hundred Twenty Four Million Six Hundred Eighty Eight Thousand Four Hundred Eighty Five Pesos and 166/100 Centavos (PhP) is hereby appropriated. Thereafter, the Department of Budget and Management (DBM) is hereby mandated to include annually in the next five (5) years, in the President's program of expenditures for submission to Congress and release, an amount not less than Four Hundred Twenty Four Million Six Hundred Eighty Eight Thousand Four Hundred Eighty Five Pesos and 166/100 Centavos (PhP) for the implementation of this Act.

Additional funds over and above the regular yearly budget of the Judiciary shall be sourced from twenty percent (20%) of the proceeds of the securitization of government assets.

Other sources of funds shall be from the following:

- (a) Twenty five Percent (25%) of the net earnings of the government of the Republic of the Philippines from the imposition of excise tax on tobacco and alcoholic beverages;
- (b) Twenty five Percent (25%) of the net earnings of the government of the Republic of the Philippines from the imposition of excise tax on automobiles;
- (c) Twenty five Percent (25%) of the net earnings of the government of the Republic of the Philippines from the imposition of registration fees on heavy equipment; and
- (d) Loans, grants, bequest, or donations, whether from local or foreign sources.

Sec. 26. Multi-year Contracts, Other Contractual Arrangements and Donations to Supreme Court. -- The Supreme Court may, pursuant to the JRMP, enter into multi-year contracts, lease and lease-purchase agreements, and other contractual agreements and may receive and accept income, legacies, gifts and donations for its support and maintenance and for career and personnel development programs for the members of the judiciary and their personnel.

Sec. 27. Judiciary Reform and Modernization Act Trust Fund. – There is hereby created a trust fund, to be known as the Judiciary Reform and Modernization Trust Fund ("Trust Fund"). The Trust Fund shall be used exclusively for the Judiciary Reform and Modernization Program and shall be the basis for the preparation of the Judiciary Annual Expenditure Program under a total-resource budgeting approach that will ensure efficient

generation, allocation and utilization of cash resource. The trust fund shall be obtained from the following:

- (a) Appropriations from the National Government for the JRMP as provided in this Act;
- (b) Judicial revenues as determined by, and at the option of, the Supreme Court; and
- (c) All interest income of the Trust Fund.

The National Treasury, in accordance with existing government auditing rules and regulations, shall administer the Trust Fund.

Sec. 28. Role of Other Agencies. — All units and agencies of the government shall support the Judiciary in the implementation of the JRMP.

In particular, the Department of Justice and the Department of Public Works and Highways shall coordinate with the Judiciary with respect to the infrastructure support aspect of the plan in order to accomplish networking of related infrastructure facilities.

The Department of Interior and Local Government shall provide assistance to the Department in mobilizing resources under the control of local government units.

The Departments of Trade and Industry shall coordinate its investment programs and activities to complement the Department's implementation of the JRMP.

Congressional initiatives shall also be coordinated by the Committees on Justice of both Houses to complement and enhance the programs and activities of the Judiciary in the implementation of the JRMP.

Sec. 29. Implementing Rules and Regulations. — The Supreme Court, within ninety (90) working days from the effectivity of this Act, shall promulgate the rules and regulations for the effective implementation of this Act.

The Supreme Court shall submit to the Committee on Justice of both Houses of Congress copies of the implementing rules and regulations within thirty (30) days after their promulgation.

Sec. 30. Monitoring and evaluation. — Not later than the end of the first quarter of the succeeding year:

- (a) The Supreme Court shall submit to the President and Congress an annual report on the status of the Judiciary Reform and Modernization Act Trust Fund created under Section 28 of this Act;
- (b) The Supreme Court shall submit to the President and Congress, an annual report containing the progress of the implementation of the JRMP under this Act.

Sec. 31. **Separability Clause.** - If any provision of this Act is declared invalid or unconstitutional, the provisions not affected hereby shall continue to be in full force and effect.

Sec. 32. **Repealing Clause.** - All laws, decrees, executive orders or rules and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Sec. 33. **Effectivity Clause.** - This Act shall take effect fifteen (15) days after the completion of its publication in at least two (2) national newspapers of general circulation.

Approved,