

SENATE

S. No. 620

'19 JUL 18 P 3:38

---

Introduced by **SENATOR LEILA M. DE LIMA**

---

**AN ACT  
STRENGTHENING THE POLITICAL PARTY SYSTEM OF THE  
PHILIPPINES, CREATING A STATE SUBSIDY FUND FOR POLITICAL  
PARTIES, AND FOR OTHER PURPOSES**

**EXPLANATORY NOTE**

A political party is an organized group committed to the promotion and defense of a defined set of political ideals in government. These ideals, consisting of common principles and interests, are a force that binds the members of a political party. However, political parties in the Philippines have been anything but ideal as they can be best described as patronage-driven and personality-oriented, and are just utilized largely as convenient vehicles to mount electoral campaigns periodically.

There have been many attempts to reform the orientation of our political parties throughout our country's history, but these have so far failed to bring about transformative and sustained changes due to a lack of an established framework with which to govern and regulate the Philippine political party system.

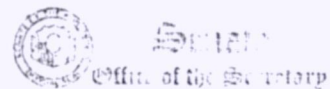
The Philippine political party system's precarious foundations often drive its members to jump ship at the first sign of political inconvenience which give way to political opportunism and turncoatism. This behavior should never be encouraged let alone tolerated as it sullies the notions of honor and integrity which is essential to a public servant. It is thus imperative that we strengthen the country's political party system in order to genuinely uphold the principles of freedom and democracy in the political process.

This bill seeks to introduce reforms in our political party system, particularly concerning the registration and accreditation of parties, nomination of candidates,

and the setting up of a state subsidy fund to augment the operating budgets of qualified political parties. With these reforms, it is hoped that campaign financing will promote accountability and transparency in the electoral process, and will spur efforts towards the professionalization of political parties making them vital instruments of development and good governance.

Immediate passage of this bill is earnestly sought.

  
LEILA M. DE LIMA



**SENATE**

**S. No. 620**

'19 JUL 18 P3:38

---

Introduced by **SENATOR LEILA M. DE LIMA**

---

**AN ACT**  
**STRENGTHENING THE POLITICAL PARTY SYSTEM OF THE**  
**PHILIPPINES, CREATING A STATE SUBSIDY FUND FOR POLITICAL**  
**PARTIES, AND FOR OTHER PURPOSES**

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

1 Section 1. *Short Title.* – This Act shall be known as “*The Political Party*  
2 *System Reform Act.*”

3 Sec. 2. *Declaration of Policy.* – It is hereby declared a policy of the State to  
4 institutionalize and strengthen political parties as pillars of the country’s democratic  
5 system. Toward this end, the State shall:

- 6 a) Institute reforms in campaign financing to promote accountability and  
7 transparency and reduce opportunities for graft and corruption;  
8 b) Foster the development of strong political parties through financial  
9 subsidies for party development and campaign expenditures;  
10 c) Promote party loyalty, discipline, and adherence to ideological principles,  
11 platforms, and programs;  
12 d) Institute measures to professionalize political parties and make them  
13 viable instruments of development and good governance; and  
14 e) Encourage and support continuing voters’ education through the political  
15 parties.

16 Sec. 3. *Definition of Terms.* – As used in this Act, the following terms shall  
17 mean:

- 1 a) *Accredited National Political Party* – refers to a national political party  
2 qualified to receive subsidy for party development and campaign purposes,  
3 and accredited for this purpose by the Commission on Elections  
4 (COMELEC) based on the criteria provided under this Act.
- 5 b) *Candidate* – refers to any person aspiring for or seeking an elective public  
6 office, who by himself or duly nominated by an accredited political party,  
7 aggroupment, or coalition of parties, has filed a certificate of candidacy  
8 with the COMELEC.
- 9 c) *Campaign Contribution* – refers to any form of donation to any candidate,  
10 political party, aggrupation, or coalition thereof. It includes any gift,  
11 donation subscription, loan, advance or deposit of money or anything of  
12 value, or those arising from contract, pledge, or agreement to contribute,  
13 made for the purpose of influencing the results of the elections, but shall  
14 not include services rendered without compensation by individuals  
15 volunteering a portion or all of their time in behalf of a candidate or  
16 political party. It also includes the use of office space, facilities, equipment,  
17 office supplies, and other materials and fixtures voluntarily donated by  
18 other persons, or allowed their use for free, the monetary value of which  
19 shall be assessed based on market rates prevailing in a particular area.
- 20 d) *Campaign Expenditure* – refers to any type of expense incurred,  
21 regardless of source, amount, and purpose, that relates, directly or  
22 indirectly, to the conduct of an electoral campaign. It includes all payments  
23 of money or anything of value, or a contract, promise, or agreement to  
24 spend, for the purpose of influencing the results of the election. It includes  
25 the use of office space and facilities personally owned by the candidate, the  
26 monetary value of the use of which shall be assessed based on the market  
27 rates prevailing in a particular area.
- 28 e) *Coalition Agreement* – refers to an agreement between different political  
29 parties who are cooperating to achieve a particular aim.
- 30 f) *Disclosure Requirement* – refers to the duty of all candidates and political  
31 parties, aggroupment, or coalitions thereof to reveal the details of  
32 campaign contributions received by them, and the expenditures made on  
33 account thereof. For accredited national political parties, it includes  
34 expenditures and destinations of party development and campaign monies

1 given to them as their share in the State Subsidy Fund established under  
2 this Act.

- 3 g) *COMELEC* – refers to the Commission on Elections.
- 4 h) *Donor* – refers to any person not prohibited by law to contribute or donate  
5 money, property, or any form of material contribution to a candidate,  
6 political party, aggroupment or coalition thereof.
- 7 i) *Donee* – refers to any political party duly accredited with the COMELEC or  
8 any authorized representative acting in behalf of or in the interest of the  
9 party to whom money, property, or any other form of contribution is made.
- 10 j) *Person* – includes an individual, partnership, committee, association,  
11 corporation, and any other organization or group of persons.
- 12 k) *National Political Party* – refers to a political party duly registered with  
13 the COMELEC, whose constituency is effectively spread across a  
14 geographical territory of all or a majority of the administrative regions of  
15 the Philippines, pursuing or advocating a particular ideology, platform of  
16 government, values, principles, and policies for the general conduct of  
17 government and which, as the most immediate means of securing their  
18 adoption and implementation, regularly nominates and supports its  
19 members as candidates for public office.
- 20 l) *Political Opportunism* – refers to any act of a party member constituting  
21 disloyalty to the party, or regular non-adherence to the party's ideological  
22 principles, platforms, policies, and programs, as determined by the party  
23 in accordance with its constitution and by-laws.
- 24 m) *Political Turncoatism* – refers to the change of political party affiliation by  
25 any candidate, whether or not elected, within one (1) year prior to the next  
26 election and within one (1) year after the immediately preceding election.  
27 Political turncoatism shall not apply in any of the following instances:
- 28 1) Change in party affiliation before the effectivity of this Act;
  - 29 2) Abolition, merger, or coalition of political parties where a candidate  
30 is a registered member thereof;
  - 31 3) Expulsion in writing of a registered member from the political party:  
32 *Provided*, That the cause for such does not constitute political  
33 opportunism.

1 n) *State Subsidy Fund* – refers to the fund established under this Act for  
2 party development and campaign activities of national political parties  
3 duly accredited by the COMELEC.

4 **NATIONAL POLITICAL PARTY/CANDIDATES**

5 Sec. 4. *Registration as a National Political Party.* – Any organized group of  
6 persons seeking registration as a national political party may file with the COMELEC  
7 a verified petition attaching thereto its constitution and by-laws, platform, principles,  
8 policies, and general program of government, a verified list of its national officials,  
9 members of the executive board, or its equivalent, and the heads of its regional,  
10 provincial, and city chapters, annual statement of accounts, and such other relevant  
11 information as may be required by the COMELEC.

12 The COMELEC shall, after due notice and hearing, resolve the petition within  
13 ten (10) days from the date it is submitted for decision. National Political Parties  
14 already registered as such with the COMELEC prior to the effectivity of this Act are  
15 not required to register anew, but are required to submit their intent to continue  
16 participating in elections within a period of six (6) months after the effectivity of this  
17 Act.

18 Sec. 5. *Policy Agenda and Program of Governance.* – National Political  
19 Parties are mandated to craft a clear policy agenda and program of governance  
20 consistent with their party philosophy and ideals. The members of the National  
21 Political Party shall endeavour to act in accordance with the defined party platform  
22 and pursue programs to fulfil party commitments.

23 Sec. 6. *Party Ethics.* – Accredited National Political Parties, as provided for in  
24 Section 21 of this Act, shall institute internal control mechanisms to promote  
25 accountability and transparency within the party. Accredited National Political  
26 Parties shall likewise develop and enforce an internal code of conduct and ethical  
27 standards that will guide party members in upholding the values and standards of  
28 public life, and towards this end shall formulate and implement disciplinary  
29 procedures for party members; *Provided,* That said program for internal controls,  
30 ethical standards, and disciplinary procedures shall be duly submitted to the  
31 COMELEC and made available to the public.







1 Any contribution, in cash or in kind, to any National Political Party for  
2 campaign purposes, duly reported to the COMELEC in accordance with Section 13 of  
3 Republic Act No. 7166, shall be exempt from donor's tax.

4 No foreign national or entity shall be allowed to give contributions to any  
5 political party.

6 Sec. 15. *Voluntary Contributions to Party; How Made; Repertorial*  
7 *Requirement.* – Contribution to a political party shall be deposited by the contributor  
8 to the account of the party with any reputable bank accredited by the COMELEC. The  
9 accredited banks shall issue a corresponding receipt to the contributor on the  
10 amount deposited, and shall submit to the COMELEC, annually and within six (6)  
11 months prior to the campaign period, a statement of account of every political party  
12 with deposits. The COMELEC shall cause the publication of the account of all  
13 political parties in any newspaper of general circulation within five (5) days before  
14 the elections.

15 Sec. 16. *Authorized Expenses of National Political Parties.* – The amount that  
16 a National Political Party may spend for every election campaign shall be Twenty  
17 Pesos (₱20.00) for every voter currently registered in the constituency or  
18 constituencies where it has an official candidate.

#### 19 **STATE SUBSIDY FUND**

20 Sec. 17. *Establishment of a State Subsidy Fund.* – There is hereby established  
21 a State Subsidy Fund, hereafter referred to as the Fund, which shall be used to  
22 augment the operating funds of Accredited National Political Parties. The funds shall  
23 be used directly and exclusively for party development and campaign expenditures.

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

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

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

3 Sec. 19. *Allowable Campaign Expenditures.* – The Accredited National  
4 Political Parties are authorized to use the subsidy given to them, only for the  
5 following campaign activities:

6 a) Operating expenses of the party, which may include hiring of personnel,  
7 professional secretariat, setting up of headquarters, and other relevant  
8 electoral expenditures;

9 b) Traveling expenses of the candidates and support personnel in the course  
10 of the campaign, and for personal expenses incident thereto;

11 c) Information dissemination and advocacy campaigns of the political party;

12 d) Production and distribution of electoral paraphernalia and other  
13 propaganda materials; and

14 e) Other expenditures under Section 102 of the Omnibus Election Code.

15 Sec. 20. *Exemption.* – The National Political Parties shall be exempt from the  
16 coverage of R.A. No. 9184 or the Government Procurement Program in their use of  
17 monies from the Fund. In lieu thereof, the Commission on Audit (COA) and the  
18 Department of Budget and Management (DBM), in consultation with the COMELEC  
19 and the Accredited National Political Parties, are hereby mandated to draw an  
20 alternative mechanism that shall govern the use of funds by the National Political  
21 Parties.

22 Sec. 21. *Accreditation.* – A National Political Party eligible in accordance with  
23 Section 22 hereof, and which desires to be entitled to the rights and privileges as  
24 recipient of the subsidy provided for under this Act, may apply for accreditation by  
25 the COMELEC, under such rules and regulations as the COMELEC shall prescribe  
26 consistent with the provisions of this Act.

27 Sec. 22. *Criteria for Eligibility.* – COMELEC shall accredit National Political  
28 Parties eligible to receive subsidy from the Fund, based on the following general  
29 criteria:

30 a) Submission of constitution and by-laws as a National Political Party  
31 seeking registration; platform or program of government; list of all its  
32 officers and members (national, regional, provincial, city/municipal);

1 Articles of Incorporation, by-laws, and Certificate of Registration issued by  
2 the Securities and Exchange Commission (SEC), if registered therewith;

3 b) Political representation, consisting of the incumbent president, vice  
4 president, members of congress, governors, vice-governors, members of  
5 *sangguniang panlalawigan*, city mayors, city vice-mayors, members of  
6 *sangguniang panlungsod*, municipal mayors, municipal vice-mayors, and  
7 members of *sangguniang bayan*;

8 c) Organizational strength and mobilization capability, which may include  
9 the identifiable political organizations and strengths as evidenced by their  
10 organized chapters; the number of political chapters and organizations  
11 nationwide; the number of active and permanent members of the party;  
12 and the number of incumbent elective officials belonging to them ninety  
13 (90) days before the date of elections; sworn statement as a political party  
14 of its existence in the areas where the organization is claiming  
15 representation;

16 d) Performance and track record of the party, which may include the  
17 established record of the parties that now compose them, taking into  
18 account, among other things, the number of years of existence of the party,  
19 their showing in the past elections as well as the ability of the party to field  
20 a slate of candidates from the municipal level to the position of senator in  
21 the immediately preceding national elections;

22 e) Coalition agreement, if any, and the detailed list of affiliates comprising the  
23 coalition, including the signed coalition agreement;

24 f) Membership and participation of women in the national political party;  
25 and

26 g) Other information required by the COMELEC.

27 *Sec. 23. Effects of Accreditation.* – An Accredited National Political Party shall  
28 be entitled to the rights and privileges accorded under this Act. Likewise, the  
29 Accredited National Political Party shall be subject to the regulations set forth in this  
30 Act and its implementing rules and regulations as prescribed by the COMELEC.

31 *Sec. 24. Distribution of the Fund.* – The total amount of State Subsidy Fund  
32 released annually shall be distributed as follows:

- 1 a) Ten percent (10%) of the Fund shall accrue to the COMELEC, to be used  
2 exclusively for monitoring purposes and the conduct of information  
3 dissemination campaigns and voters' education.
- 4 b) Thirty percent (30%) of the Fund shall be proportionately and ratably  
5 distributed to accredited National Political Parties represented in the  
6 Senate based on the number of seats obtained in the most recent general  
7 elections.
- 8 c) Thirty percent (30%) of the Fund shall be proportionately and ratably  
9 distributed to accredited National Political Parties represented in the  
10 House of Representatives based on the number of seats obtained in the  
11 most recent general elections.
- 12 d) Thirty percent (30%) of the Fund shall be proportionately and ratably  
13 distributed to accredited National Political Parties based on the number of  
14 seats obtained in local elective positions for governor, *sangguniang*  
15 *panlalawigan*, city mayor, city vice-mayor, *sangguniang panglungsod*,  
16 municipal mayor, municipal vice-mayor and *sangguniang bayan* in the  
17 most recent general elections.

18 *Provided*, That notwithstanding the above percentages of fund allocation, all  
19 National Political Parties shall, upon accreditation by the COMELEC, be  
20 automatically entitled to subsidy from the Fund, the total amount for all the  
21 accredited parties of which shall be determined by the COMELEC: *Provided further*,  
22 That the COMELEC shall determine whether Accredited National Political Parties  
23 shall continue to be entitled to subsidy based on their performance in the general  
24 elections next following their accreditation by the COMELEC; *Provided finally*, That  
25 the Accredited National Political Parties shall submit to the COMELEC the  
26 requirements of eligibility under Section 22 of this Act immediately after each  
27 general election to assist the COMELEC in determining their qualifications as  
28 recipients of the Fund.

29 *Sec. 25. Schedule of Releases from the Fund.* – For purposes of this Act, all  
30 releases from the Fund during a non-election year shall be used exclusively for party  
31 development activities. Funds released during an election year shall be divided as  
32 follows: seventy-five percent (75%) shall be used for campaign expenditures, and  
33 twenty-five percent (25%) for party development activities. The COMELEC shall

1 inform the Accredited National Political Parties of the schedule of releases as well as  
2 the amount of the subsidy allocated at the start of every fiscal year.

3       Sec. 26. *Management of the Subsidy.* – The Accredited National Political  
4 Parties availing of the subsidy shall maintain separate financial accounts for the  
5 funds used to finance campaign activities and party development, respectively.

6       Sec. 27. *Audit of the Fund.* – The Commission on Audit (COA) shall examine  
7 the financial reports of the Accredited National Political Parties on their use of the  
8 Fund. Campaign contributions to any Accredited National Political Party shall be  
9 accounted for separately under a different set of books of accounts, which shall be  
10 open to inspection by the COA.

11       Sec. 28. *Full Disclosure.* – The officials of every Accredited National Political  
12 Party shall submit a sworn statement of their assets and liabilities to the COMELEC,  
13 which shall be made available to the public at least six (6) months before election. All  
14 Accredited National Political Parties and their candidates shall also be required to  
15 make a public disclosure of all contributions as well as expenditures incurred for the  
16 use of the Fund.

17       The disclosures shall be made through the official website of the COMELEC  
18 and in a newspaper of general circulation within thirty (30) days after the election.

19       Sec. 29. *Other Reports.* – The following shall be reported by the Accredited  
20 National Political Parties and their candidates:

- 21       a) The amount of campaign contribution, the date of receipt by the bank, and  
22       the full name and exact address of the person from whom the contribution  
23       was received;
- 24       b) A full report of expenditures and receipts incurred during the campaign,  
25       including those which were drawn from the Fund, if any;
- 26       c) Post-election disclosure statements as required under existing laws, which  
27       must be submitted to the COMELEC within thirty (30) days after election  
28       day. Submission made after the deadline provided by law will be subject to  
29       a fine in such amounts as may be determined by the COMELEC; and
- 30       d) Detailed breakdown of expenditures for the party development activities  
31       charged against the Fund. The financial report covering the party  
32       development activities shall be submitted annually at the end of every

1 fiscal year. The subsidy for the succeeding year will not be released without  
2 the submission of the said report covering the preceding year.

3 These reports are required of every Accredited National Political Party and its  
4 candidates, regardless of the results of the elections.

5 Sec. 30. *Failure to Comply with Disclosure and Reporting Requirements.* –  
6 Failure of the Accredited National Political Party to comply with the provisions of  
7 this Act shall result in its disqualification from receiving its share in the Fund, which  
8 shall revert to the general funds of the Government, and forfeiture of all the rights  
9 and privileges to which it would have been entitled under this Act.

10 Sec. 31. *Performance Monitoring and Reporting System.* – The COMELEC  
11 and the COA shall jointly design and implement, in consultation with political parties,  
12 aggroupment, or coalitions thereof, accredited citizens' arms, the private sector, non-  
13 governmental organizations, and government agencies, an integrated political party  
14 development and campaign subsidy performance monitoring and reporting system.  
15 The performance and monitoring system shall identify, define, and operationalize a  
16 system of performance indicators and measures for party development and campaign  
17 subsidy deployment.

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

22 Sec. 32. *Publication and Dissemination of the Political Party Development*  
23 *and Campaign Subsidy Performance Reports.* – The political party development  
24 and campaign subsidy performance reports shall be submitted to both Houses of the  
25 Congress of the Philippines and to the COMELEC not later than June 30 of every  
26 year. The COMELEC shall cause the posting of the reports on its official website to  
27 serve as a guide for the citizenry in evaluating political parties for the purpose of  
28 participating in their program of activities, and in supporting, affiliating with, or  
29 joining them.

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

- 31 a) Misuse of funds received by National Political Parties both from the Fund  
32 and from campaign contributions;

- 1 b) The giving of campaign contributions which go beyond the allowable limits  
2 set under this Act and other existing laws;  
3 c) Inability to account for all incoming contributions from whatever source;  
4 d) Failure to submit pre-election as well as post-election disclosure  
5 statements to the COMELEC. Any submission past the late submission  
6 period set in *Section 29(c)* will be deemed as a failure to submit, hence,  
7 punishable under existing laws; and  
8 e) False reporting or any misrepresentation in the financial statement reports.

9 *Sec. 34. Penalties. –*

- 10 a) Any candidate or official of any National Political Party who violates  
11 Section 33 (a), (c), and (e) of this Act shall be punished with imprisonment  
12 of not less than six (6) years but not more than twelve (12) years, or a fine  
13 ranging from One Hundred Thousand Pesos (₱100,000.00) to Five  
14 Hundred Thousand Pesos (₱500,000.00), or both. The said candidate or  
15 official shall likewise be disqualified to hold public office. Any National  
16 Political Party that violates Section 33 (a), (c), and (e) of this Act shall pay  
17 a fine of not less than Five Hundred Thousand Pesos (₱500,000.00) but  
18 not more than Five Million Pesos (₱5,000,000.00);  
19 b) A donor who violates Section 33(b) of this Act shall be punished with  
20 imprisonment of not less than six (6) years but not more than twelve (12)  
21 years, or a fine ranging from Five Hundred Thousand Pesos (₱500,000.00)  
22 to Five Million Pesos (₱5,000,000.00), or both;  
23 c) Any National Political Party that fails to comply with any of the  
24 documentary requirements set forth in this Act shall be subject to  
25 administrative sanctions by the COMELEC, which shall include  
26 disqualification from receiving state subsidy, temporary or permanent  
27 cancellation of the party's registration, as well as payment of fines  
28 consistent with existing laws and regulations; and  
29 d) Any bank that fails to comply with the submission of the statement of  
30 account of every political party with deposits under Section 15 of this Act  
31 shall be punished with a fine ranging from One Hundred Thousand Pesos  
32 (₱100,000.00) to One Million Pesos (₱1,000,000.00).

1           Sec. 35. *Appropriations.* – The amount of Three Hundred Fifty Million Pesos  
2 (P350,000,000.00) is hereby appropriated out of the funds of the National Treasury,  
3 effective immediately upon the approval of this Act. Every year thereafter, there shall  
4 be appropriated the amount of Three Hundred Fifty Million Pesos  
5 (P350,000,000.00) for the implementation of this Act. All such amounts  
6 appropriated pursuant to this Act shall go to the State Subsidy Fund, which shall be  
7 administered by the COMELEC.

8           The COMELEC and the DBM shall promulgate guidelines to facilitate the  
9 release of the funds to every accredited national political party.

10          Sec. 36. *Lead Agency.* – The COMELEC shall administer and enforce the  
11 provisions of this Act and for this purpose, a Political Party Affairs and Campaign  
12 Finance Department is hereby created in the COMELEC, subject to Civil Service  
13 Commission rules and regulations, which shall monitor and regulate political affairs  
14 and campaign finance, including but not limited to the accreditation of national  
15 political parties for purposes of availment of the State Subsidy Fund.

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

19          Sec. 38. *Implementing Rules and Regulations.* – Within sixty (60) days after  
20 the effectivity of this Act, the COMELEC shall promulgate the necessary rules and  
21 regulations for the effective implementation of this Act.

22          Sec. 39. *Separability Clause.* – Should any provision of this Act or part hereof  
23 be declared unconstitutional, the other provisions or parts not affected thereby shall  
24 remain valid and effective.

25          Sec. 40. *Repealing Clause.* – All laws, decrees, orders, rules and regulations,  
26 or portions thereof inconsistent with this Act are hereby repealed or modified  
27 accordingly.

28          Sec. 41. *Effectivity.* – This Act shall take effect fifteen (15) days after its  
29 publication in at least two (2) newspapers of general circulation.

Approved,