

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

House Bill No. 2923



Introduced by: Representatives Michael Angelo C. Rivera and Rodel M. Batocabe

EXPLANATORY NOTE

The Philippine government shows its serious efforts to combat poverty through the continuing expansion of the Pantawid Pamilyang Pilipino Program (4Ps) the Philippine's version of the conditional cash transfer (CCT) program modeled by Latin American countries. Its objectives as a program help fulfill the country's commitment to meet the Millennium Development Goals, namely (1) eradicate poverty and hunger (2) achieve universal primary education (3) promote gender equality (4) reduce child mortality, and (5) improve maternal health.

The 2010 census of the National Census and Statistics Board (NSCB) on Philippine population shows total population of 92,237,852 distributed in the National Capital Region (NCR) at 11,855,975 with Poverty Incidence of 3.8%; Cordillera Administrative Region (CAR) at 1,616,867 with Poverty Incidence of 22.6%; Ilocos Region at 4,748,372 with Poverty Incidence of 16.7%; Cagayan Valley 3,229,163 with Poverty Incidence of 19.8%; Central Luzon 10,137,737 with Poverty Incidence of 12.2%; Region IV-A CALABARZON at 12,609,803 with Poverty Incidence of 11.2%; Region IV-B MIMAROPA at 2,744,671 with Poverty Incidence of 28.4%; Bicol Region at 5,420,411 with Poverty Incidence of 34.1%; Western Visayas at 7,102,438 with Poverty Incidence of 24.7%; Central Visayas at 6,800,180 with Poverty Incidence of 28.8%; Eastern Visayas at 4,101,322 with Poverty Incidence at 37.2%; Zamboanga Peninsula at 3,407,353 with Poverty Incidence at 36.9%; Northern Mindanao at 4,297,323 with Poverty Incidence at 35.6%; Davao Region at 4,468,563 with Poverty Incidence at 28.6%; SOCSARGEN at 4,109,571 with Poverty Incidence at 37.5%; CARAGA at 2,429,224 with Poverty Incidence at 34.1%; ARMM at 3,256,140 with Poverty Incidence at 46.9%; and Filipinos working in Philippine Embassies \Consulates and Missions abroad at 2,739.

NSCB Report shows 22.4% of the population is on poverty threshold. It is alarming to know that we have in our midst 4,145,089 families classified as experiencing this poverty incidence. We

have 20 million poor Filipinos who are in dire need of assistance to light their homes and give them the comfort of modern living. It is a well known fact that the presence of electricity in any given area is an engine of growth and development.

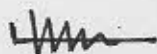
All other programs of government will be difficult to find significant change if electricity is not available. How can poor students study at night with no lights to illumine them? How can they ever have any access to information on weather conditions and other news on current affairs if there is no radio powered by electricity? How can we eradicate poverty if their income level will not be able to sustain whatever the government has provided them as initial input. A combination of good governance and institutions and policy pillars should find proper combinations to be able to reach our commitment to the Millennium Development Goals.

The sitio electrification program is adopted by the current administration and provides a promise of hope for a better life to our countrymen in far flung areas. The sitios are the "left behind" areas of the energization thrust of current and previous administrations that boast of 9.2 million household connections nation-wide implemented thru the 110 Electric Cooperatives under the National Electrification Administration (NEA). At 9.2 million household connections translated to an average of 5 persons per household is estimated to have served half of the current population of the Philippines. The rest of the population is served by private distribution companies.

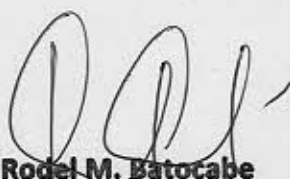
AS of June 2013, NEA Report shows a total of 23,475 sitios, Luzon has 6,382 sitios energized, Visayas with 5,638 sitios and Mindanao with the largest share at 11,407 sitios energized. By year 2015, it is the target of the NEA to complete 33,000 sitios and this translates to over a million Filipinos living in the hinterlands who will start to live a new life because electricity will be there to make a big difference in their daily living. There are challenges met by implementers of this sitio electrification program such as cross country terrain, and the absence of road network in certain areas and right of way problems. The archipelagic nature of the country separates sitios by bodies of water and bancas are used as transportation mode in the hauling of materials to reach difficult areas. The government is indeed vent on addressing poverty but it will be at its best if it will establish a low income home energy assistance program to sustain whatever infrastructure or poverty alleviation program it has put in place. To be able to keep the initiative to move forward and sustain the impetus of growth, the poorest of the poor should be given financial assistance by way of a Php 500 cash transfer to the electric distribution utilities thru the DOE. The NEA thru the 110 ECs nation-wide in coordination with the DSWD should be able to come up with a system of identifying the beneficiaries who shall be entitled to this Low-Income Home Energy Assistance Program (LIHEAP). This program can also

be applied in urban centers where there are low-income home energy consumers. A mechanism for private distribution companies' participation to the LIHEAP should be similarly established. This amount shall be claimed as a tax credit by the private distribution company as a cooperator to this program. This program is more than just a cash grant. It breaks the cycle of intergenerational poverty through investments in human capital. With the LIHEAP program, participants will have more funds to spend for food and other basic necessities and the country will meet its Millennium Development Goals of poverty reduction, health, education and maternal and child welfare and gender equality.

In view of the foregoing, the passage of this bill is earnestly requested.



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**AN ACT CREATING THE LOW- INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) TO
PROMOTE HUMAN CAPITAL DEVELOPMENT AND APPROPRIATING FUNDS THEREFOR**

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

Section 1. Short Title. - This Act shall be known as the Low- Income Home Energy Assistance Program (LIHEAP) or Pantawid Kuryente Program of 2013

Section 2. Declaration of National Policy. - It is hereby declared to be the national policy of the State to pursue inclusive growth with the end in view of achieving significant reduction in poverty. Inclusive growth shall mean economic growth thru generation of productive employment, access to economic opportunities, provision of social protection, dispersal of the benefits of economic development and provision of safety nets to address the welfare of the vulnerable and the needy.

Section 3. Definition. - As used in this Act, the following words or terms shall have the following meanings, unless provided otherwise

- (a) LIHEAP- Low-Income Home Energy Assistance Program
- (b) Program refers to the national poverty reduction strategy that provides cash transfer to qualified beneficiaries to defray the cost of electricity consumed at home;
- (c) Low Income Home Energy Consumers or poor consumers refer to households whose income falls below the poverty threshold as defined by the NEDA and the National Census Statistics Board (NSCB). In this Act the poor consumers shall be identified by using the National Household Targeting System for Poverty Reduction (NHTS-PR)

(d) Consumers- refers to members of electric cooperatives or beneficiaries of sitio electrification program of NEA or users whose electricity comes from private distribution providers;

(e) Household Targeting System for Poverty Reduction (HTS-PR) refers to a system of identifying the poor using established parameters and data generated by the NCSB and adopted by the national government agencies and being utilized by the DSWD in its current Conditional Cash Transfer (CCT) Program.

(e) Qualified Low- Income Home Energy Assistance Program (LIHEAP) Beneficiaries- refers to households identified by the DOE/DSWD as the monthly cash transfer recipients of the Pantawid Kuryente Program;

(g) DOE- Department of Energy

(h) NEA- National Electrification Administration

(i) DSWD- Department of Social Welfare and Development

(j) DOF- Department of Finance

(k) Food Threshold- the minimum income required by an individual to meet his/her basic food needs and satisfy the nutritional requirements set by the food and Nutrition Research Institute (FNRI) while remaining economically and socially productive.

(l) Poverty Threshold-similar concept of food threshold but incorporates basic non-food needs such a clothing, housing, health, education, transportation and utility expenses i.e., electricity and water.

Section 4. The Department of Energy. - The Department of Energy created under Republic Act No.7638 is the lead agency to carry out the provisions of this Act. All other attached agencies and instrumentalities under the DOE shall be utilized for policy and program administration.

Section 5. The National Electrification Administration (NEA).-The NEA thru the electric cooperatives shall act as program administrator of LIHEAP-Electric Cooperatives Beneficiaries (b) coordinate with the DSWD on the accreditation of LIHEAP Beneficiaries (c) shall provide timely reports on the status of LIHEAP beneficiaries and receive fund releases from the DOE and distribute to ECs.

Section 6. The Department of Social Welfare and Development (DSWD) created under Republic Act No. E.O. 292, Revised Administrative Code of 1987 shall (a) provide rules and guidelines for accreditation of LIHEAP Beneficiaries (b) provide semi-annual status report of poverty incidence nation-wide and (c) shall accredit LIHEAP beneficiaries served by private distribution companies.

Section 7. The Department of Finance (DOF) shall provide the mechanism wherein private distribution companies will be allowed tax credit for LIHEAP beneficiaries whose bill shall be charged by distribution companies. Monthly report shall be provided by private distribution companies on the availment of accredited LIHEAP Beneficiaries.

Section 8. Selection of Qualified Beneficiaries.- The Department of Energy thru the NEA with the assistance of the Department of Social Welfare and Development shall select qualified household beneficiaries using the NHTS-PR . In addition, the following criteria shall also be used as basis in the selection of qualified beneficiaries:

- (a) Households that need special protection such as those with disabilities;
- (b) Households with senior citizens who are not receiving any pensions from government or agencies that provide financial assistance of whatever nature;

Section 9. Local Verification Committee.- A Local Verification Committee shall be created in every municipality or city composed of (3) local government unit representatives, an accredited Social Worker or barangay social worker, a representative from an accredited civil society organization and the local municipal superintendent or principal of the Department of Education or the local district representative from the Electric Cooperative in the area.

The Committee shall ensure that the list of beneficiaries satisfies the eligibility requirements set forth under this Act.

Section 10. Cash Transfer. Each qualified LIHEAP - beneficiary is entitled to Five Hundred Pesos (Php 500.00) to defray the electricity bill every month. The DOE will provide funds to the electric cooperative in the area where service connection is provided. In the case of private distribution companies, accreditation of beneficiary is thru the DSWD and the Five Hundred Pesos (Php 500.00) shall be claimed by the private distribution company as a tax credit. A roster of beneficiaries shall be provided by the DSWD to the distribution companies and Identification cards shall be issued by the DSWD to the beneficiaries. A mechanism to limit the Five Hundred Pesos cash transfer or tax credit of the distribution company shall be established. Any amount in excess of Five Hundred Pesos in electric bill shall be paid by the beneficiary. Consistent increase in the amount of Five Hundred Pesos in the beneficiaries' electric bill may be ground for suspension of this assistance.

Section 11. Periodic Assessment of Cash Transfer. The amount indicated in Section 10 shall be paid directly to the Electric Cooperatives to the account of the LIHEAP beneficiary and tax credit to private distribution companies shall be made possible through the Department of Finance.

Section 12. Five Year Maximum Limit. Each qualified beneficiary shall be entitled to this assistance program for five (5) years.

Section 13. Lead Agency. The Department of Energy thru the National Electrification Administration shall be the lead agency and shall serve as the central planning, coordinating, implementing and monitoring body of the program.

In the implementation of this Act, the Department shall have the following functions:

- (a) Select and use an appropriate , effective and cost efficient method devised for the purpose of identifying and electing qualified household beneficiaries;
- (b) Identify and select the target household beneficiaries on the basis of a uniform, objective and transparent selection process;
- (c) Coordinate with different national and local agencies to maintain and update objective poverty maps which will be checked and cross- checked periodically for duplication and inaccurate information;
- (d) Formulate an implementing guidelines for the enforcement of this Act;
- (e) Submit an annual report to the Congressional Oversight Committee all aspects of operations, financial status and other relevant data;
- (f) Perform such other functions as may be necessary or incidental to the proper enforcement of the statutory commitments under this Act.

Section 14.- Grievance Committee. A Grievance Committee shall be likewise created to accept complaints and grievances that may arise within the territorial jurisdictions, conduct investigations in specific cases and dispose cases filed in connections thereto.

Section 15.- Independent Monitoring Committee. An independent monitoring committee at the municipal, regional, national level composed of representatives from the private sector and Civil Society Organizations (CSOs) shall be created. This Independent committee shall provide feedback to the Department for proper action.

Section 16.- Annual Appropriations. The Secretary of the Department of Energy shall include in the Department's program the implementation of this Act and shall be included in the General Appropriations Act. An amount equivalent to Twenty Four Billion (Php 24,000,000,000.00) Pesos shall be appropriated annually for this program.

Section 17.- Penalty.- Any person, public or private, whether acting in conspiracy with public officials, who, by act or omission, inserts or allows the insertion of date or false information or who diverts from

what ought to be found in the registry, with the view of altering the fact, or aiding in the grant of this assistance to qualified-beneficiaries shall be penalized with imprisonment of not less than six (6) months but not more than one (1) year, or a fine not less than Twenty Thousand (Php 20,000.00) Pesos but not more than Fifty Thousand (Php 50,000.00) Pesos, or both imprisonment and fine at the discretion of the Court.

Administrative sanctions shall be without prejudice to prosecution in the proper courts.

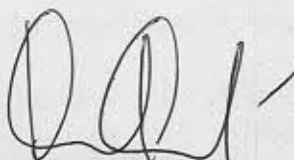
Section 18. Separability Clause. - If for any cause, any part of this Act is declared unconstitutional, the rest of the provisions shall remain in force and effect.

Section 19. Effectivity Clause. - This Act shall take effect fifteen (15) days after the publication in the Official Gazette or in at least two (2) national newspaper of general circulation.

Approved.



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