

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

House Bill No. 7680



Introduced by **MAGDALO Party-List Representative**
HON. GARY C. ALEJANO

EXPLANATORY NOTE

Philippine economy is the world's 10th fastest growing economy in the world for 2017. According to the World Bank, Philippines' economy is expected to advance between 6.5 to 7.5 percent in 2017¹. Given that the country has registered twice its average annual growth rate, SWS survey showed that self-rated poverty among Filipinos rose to 46 percent in the last quarter of 2017, up by 2 percent from the same period last year.

In addition, the Food and Nutrition Research Institute (FNRI) estimated that as of 2015, 31.2 percent of children in the country aged 5-10 years were underweight apparently impacting 82.2 percent of children in the poorest socio-economic classes. Filipino children are already bearing the burden of malnutrition which impacts their performance and productivity². Sustainability of our country's growth lies in grave peril when our future leaders, entrepreneurs, and investors are contending with extreme poverty, hunger and malnutrition.

The passage of Republic Act 84253³ otherwise known as the "Social Reform and Poverty Alleviation Act" is a step towards the right direction. However, considering the fact that the said law is actually focused on social reform and long term development, the National Anti-Poverty Commission (NAPC), which was created as a coordinating body under the law, is apparently not equipped to immediately address the problem.

Indeed, it is not enough that we adopt a long-term strategy to combat child malnutrition and extreme poverty. In the long-run, many of these children will be dead. Hence, there is an imperative necessity for the Government to immediately act on this problem.

¹ <https://www.forbes.com/sites/panosmourdoukoutas/2017/06/20/dutertes-philippines-is-the-10th-fastest-growing-economy-in-the-world/#417106d55887>

² <https://www.pressreader.com/philippines/philippine-daily-inquirer/20170210/281749859099160>

³ Effective 30 June 1998.

This bill aims to provide significant and continuing intervention by Government into this grave problem by providing literally billions of pesos annually to fund school and community-based supplemental feeding programs and related poverty alleviation efforts using the minimum basic needs (MBN) approach among the poorest of the poor communities in the country. It is expected that through this measure, billions of pesos will be generated to help ameliorate, if not totally put a stop, to the prevalence of child malnutrition in the country.

The immediate passage of this bill is, therefore, earnestly sought.



GARY C. ALEJANO

Representative

Magdalo Para sa Pilipino Party-List

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AN ACT

CREATING A SPECIAL POVERTY ALLEVIATION FUND TO BE USED TO FINANCE SCHOOL AND COMMUNITY-BASED SUPPLEMENTAL FEEDING PROGRAMS AND RELATED POVERTY ALLEVIATION EFFORTS USING THE MINIMUM BASIC NEEDS (MBN) APPROACH IN THE POOREST OF THE POOR COMMUNITIES IN THE COUNTRY AND FOR OTHER RELATED PURPOSES

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

1 **SECTION 1. *Short Title.*** - This law shall be known as the "*Poverty Alleviation Fund of*
2 *2018*".
3

4 **SEC. 2. *Declaration of Policy.*** - It is the policy of the State to promote a just and
5 dynamic social order that will ensure the prosperity and independence of the nation and free the
6 people from poverty through policies that provide adequate social services, promote full
7 employment, a rising standard of living, and an improved quality of life for all [Section 9, Article
8 11, 1987 Philippine Constitution].
9

10 Towards this end and to help combat the growing problem of malnutrition, hunger and
11 abject poverty particularly among children, the Government shall institute a systematic and well-
12 studied direct intervention program by conducting sustained supplemental feeding, targeting
13 school children, out-of-school youth and children of pre-schooling age as well as related poverty-
14 alleviation efforts using the basic human needs approach, particularly among those belonging to
15 the poorest of the poor or the lowest twenty percent (20%) of Philippine social strata in terms of
16 income and resources.
17

18 **SEC. 3. *Creation of a Special Poverty Alleviation Fund.*** - There is hereby created a
19 Special Poverty Alleviation Fund ("Fund") to be funded from the sources provided herein below
20 and to be managed and administered by the National Anti-Poverty Commission (NAPC) under a
21 Program to be implemented by the Department of Social Welfare and Development (DSWD).
22

23 **SEC. 4. *Sources of the Fund.*** - The Fund shall be constituted from the following
24 sources:
25

- 26 (a) Ten percent (10%) share from the net income of the Philippine Games and
27 Amusement Corporation (PAGCOR), to be given and delivered by PAGCOR to the
28 NAPC on a quarterly basis, no later than ninety (90) days after the end of each

1 quarter, subject to final accounting and/or adjustments at the end of each calendar
2 year;

3
4 (b) Ten percent (10%) share from the net income of the Philippine Charity Sweepstakes
5 Office (PCSO), to be given and delivered by PAGCOR to the NAPC on a quarterly
6 basis, no later than ninety (90) days after the end of each quarter, subject to final
7 accounting and/or adjustments at the end of each calendar year; and

8
9 (c) Ten percent (10%) share from the net profits of all Duty Free Shops (DFS) or, in case
10 of the privatization of the DFS, twenty percent (25%) of the proceeds of privatization
11 of DFS plus fifty percent (50%) of the franchise tax collected thereon.

12
13 The Department of Finance, through its appropriate agencies, is hereby mandated to
14 ensure the proper collection of the shares and/or charges intended for the Fund from the sources
15 provided herein and to turn-over the same quarterly to the NAPC through the DSWD.

16
17 **SEC. 5. Authorized Use of the Fund; The Program** - The Fund shall principally be used
18 to finance the National Supplemental Feeding and Poverty Alleviation Program ("Program").
19 The Program shall provide for the generation of an annual listing of priority or target schools,
20 communities, barangays and/or other localities where the Government shall undertake direct
21 feeding and/or supplemental feeding activities on a sustained basis targeting school children, out-
22 of-school youth and children of pre-school ages who belong to the poorest of the poor or the
23 lowest twenty percent (20%) of the Philippine social strata in terms of income or financial
24 resources. The Program shall also incorporate other poverty-alleviation efforts using the
25 Minimum Basic Needs (MBN) approach targeted at poor communities.

26 The Program shall be prepared by the DSWD for the approval of the NAPC. The
27 Program shall likewise be implemented by the DSWD.

28
29 In connection with the foregoing, subject to the approval of NAPC, the DSWD shall:

30
31 (a) Devise and formulate plans, strategies and programs to carry out effectively and
32 efficiently the disposition of the Fund in accordance with declared purpose thereof;

33
34 (b) Direct the management, operations and administration of the Fund;

35
36 (c) Authorize expenditures of the Fund as are in accordance with the purpose for which it
37 was set up; and

38
39 (d) Exercise such other powers as may be necessary to accomplish the purpose for which
40 the Fund was created.

41
42 **SEC. 6. Limitations.**- The Fund shall not be used for any purpose other than to finance
43 the feeding and/or supplemental feeding program of the Government, as prepared by the DSWD
44 and approved by the NAPC. Moreover, no more than three percent (3%) of the proceeds of the
45 Fund may be used for administrative purposes.

1 **SEC. 7. Administration and Control of the Fund.**- The Fund shall be under the control
2 of the DSWD, which shall administer the same in accordance with the above stated powers,
3 functions and limitations.
4

5 **SEC. 8. Investment of the Fund.** - Any portion of the Fund not otherwise disposed of as
6 provided for in this Act shall be invested in government securities and such other high-yielding
7 securities as determined by the DSWD, upon approval of the NAPC. The earnings therefrom
8 shall accrue to the Fund.
9

10 **SEC. 9. Audit.**- The Chairman of the Commission on Audit (COA) shall act as the ex-
11 officio auditor of the Fund.
12

13 **SEC. 10. Annual Report.** - The Secretary of the DSWD shall submit, within fifteen (15)
14 working days from the opening of the regular session of Congress, to the President of the
15 Philippines as NAPC Chair and to the Presiding Officers of both Houses of Congress, an annual
16 report which shall include an account of the program, projects and detailed expenses undertaken
17 pursuant to this Act.
18

19 **SEC. 11. Penal Clause.**- Any person who fails or refuses to turn over collections of the
20 charges or shares mentioned in this Act within the period prescribed herein, or who delays,
21 obstructs or prevents the same; or who fails or refuses to effect release from the Fund, or who
22 obstructs, or prevents the same; or who orders, causes, or effects the transfer or diversion of the
23 collections of this Fund shall be punished with a fine not exceeding One hundred thousand pesos
24 (P 100,000.00) or imprisonment not exceeding six (6) years, or both at the discretion of the
25 Court. If the offender is a government official or employee, he shall, in addition, be dismissed
26 from the service with prejudice to reinstatement and with disqualification for election or
27 appointment to any public office. If the offender is a corporation or any other juridical entity, the
28 penalty provided herein shall be imposed on its directors or officers who may be responsible for
29 the violation.
30

31 **SEC. 12. Rules and Regulation.**- The Secretary of the DSWD, in consultation with the
32 NAPC, shall promulgate the rules and regulation relating to the collection and remittance of the
33 revenue sources accruing to the Fund as may be necessary for the effective implementation of
34 this Act.
35

36 **SEC. 13. Separability Clause.** - The provisions of this Act are hereby declared to be
37 separable, and in the event that any part, section or provision of this Act is held invalid or
38 unconstitutional, no other part, section or provision thereof shall be affected thereby.
39

40 **SEC. 14. Repealing Clause.**- The pertinent provisions of the National Internal Revenue
41 Code, as amended, the charters of the PAGCOR and PCSO, as amended, and any other
42 provisions of law, decree, executive order, letter of instructions, rule or regulation or parts
43 thereof that are in conflict with any provisions of this Act are hereby repealed, amended or
44 modified accordingly.
45

46 **SEC. 15. Effectivity.** - This Act shall take effect fifteen (15) days following the
47 completion of its publication in the Official Gazette and in two (2) newspapers of general
48 circulation in the Philippines.

Approved,