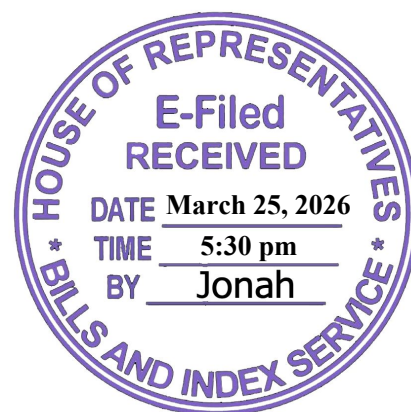


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **8782**



Introduced by **REP. NATHANIEL “Atty. Nat” M. ODUCAO**

EXPLANATORY NOTE

Political parties are indispensable to a healthy democratic system. They aggregate public interests, develop policy platforms, recruit and train leaders, and provide voters with meaningful choices. However, legislative research and policy studies submitted in support of this measure consistently show that the Philippine political party system remains weakly institutionalized, personality-driven, and heavily dependent on private financing.

Research indicates that a substantial majority of political parties in the Philippines rely almost entirely on private contributions for both campaign and non-campaign activities. Public or membership-based funding accounts for only a minimal share of party resources. Campaign expenditures are highly concentrated, with a small number of wealthy donors and political financiers providing a disproportionate share of reported political funding. In recent electoral cycles, research shows that a limited group of top donors accounts for more than half of total declared political contributions, resulting in unequal competition and reinforcing elite dominance.

The same research highlights that institutional party development is chronically underfunded. Political parties devote most resources to short-term electoral activities, while spending on policy research, political education, grassroots organization, internal capacity-building and merit-based endorsement processes remains marginal. This structural weakness contributes to unstable party identities, frequent party switching, limited policy coherence, unprofessionalized candidate selection reliant on personal loyalties rather than expertise, and declining public trust in political institutions.

Comparative regional analysis included in the research further underscores the urgency of reform. Several Southeast Asian democracies and emerging democratic systems in the Asia-Pacific region have adopted structured and conditional public funding mechanisms to strengthen political parties as institutions. These systems generally provide limited public support tied to party development, policy formation, and political education, and professionalized endorsement mechanisms such as merit-based candidate selection criteria emphasizing qualifications, track records, and alignment with party platforms, while imposing strict transparency, reporting, and audit requirements.

The research shows that in jurisdictions where public party funding is institutional rather than candidate-centered, political parties demonstrate stronger organizational stability, greater programmatic coherence, merit-driven leadership recruitment, and reduced dependence on private money. Importantly, these systems do not eliminate private donations but rebalance political financing by ensuring that parties are not wholly dependent on private interests for their survival

¹Perludem (2021). Political Party Finance Reform in Southeast-Asia. Available at <https://perludem.org/wp-content/uploads/2021/09/Political-Party-Finance-Reform-in-Southeast-Asia.pdf>

and operations.

In contrast, the Philippines remains one of the few democratic systems in the region where no comprehensive framework exists for institutional party funding, resulting in continued reliance on private financing and ad hoc alliances, and personality-based endorsements. This gap places Philippine political parties at a comparative disadvantage in terms of long-term development, internal discipline, and accountability.

This bill seeks to address these findings by establishing a framework for Critical Party Funding, which is a system of measured, conditional, and transparent public support designed to strengthen political parties as democratic institutions. Rather than financing individual candidates or electoral campaigns, the proposed framework prioritizes support for core party functions such as policy development, political education, organizational strengthening, merit-based and professionalized endorsement processes, and compliance with transparency standards.

Consistent with both domestic research and regional experience, the bill incorporates strict safeguards. These include eligibility requirements, clearly defined allowable uses of funds, mandatory disclosure and auditing mechanisms, and graduated penalties for misuse. These safeguards ensure that public resources are used responsibly and exclusively for legitimate party development purposes, including the establishment of objective criteria for party endorsements that prioritize competence over patronage.

This measure does not seek to comprehensively reform campaign finance laws, regulate party-list representation, or impose general prohibitions on political party switching. Any references to campaign finance rules or party loyalty are included solely as conditions for eligibility and accountability in the use of public funds, and do not amend or supplant existing laws governing elections and political participation.

By addressing the documented over-reliance on private financing, the concentration of political money, the chronic underinvestment in party institutions, and the lack of merit-based, professionalized endorsements, while drawing from comparative regional experience. Thus, this bill aims to promote fairer political competition, strengthen democratic accountability, and encourage the development of stable, program-based political parties. In doing so, it advances democratic governance while remaining consistent with constitutional principles and the existing legal framework.

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



REP. NATHANIEL “ATTY. NAT” M. ODUCADO
1Tahanan Party List

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HOUSE BILL NO. **8782**

Introduced by **REP. NATHANIEL “ATTY. NAT” M. ODUCAO**

**AN ACT ESTABLISHING A FRAMEWORK FOR CRITICAL PARTY FUNDING,
POLITICAL PARTY DEVELOPMENT, AND TRANSPARENCY IN PARTY
FINANCING, 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 Development*
2 *and Critical Funding Act.*”

3 **SEC. 2. *Declaration of Policy.*** – It is hereby declared the policy of the State to strengthen
4 democratic governance by promoting a stable, programmatic, and accountable political party
5 system.

6 The State recognizes that political parties are essential institutions of representative
7 democracy and that political parties are essential institutions of representative democracy and that
8 their institutional weakness, excessive reliance on private money, and lack of transparency
9 undermine electoral integrity, public trust, and equal access to political participation.

10 Accordingly, the State shall provide critical and regulated public support to political parties
11 as democratic institutions. As well as reduce undue influence of money in politics. It also promotes
12 transparency and accountability in party financing. Moreover, it promotes anti-turncoatism. And
13 finally, encourage internal party democracy, inclusiveness and long-term party development.

14 **SEC. 3. *Definition of Terms.*** – As used in this Act:

15 a) *Anti-Turncoatism* – refers to the principle and policy of promoting political party
16 institutionalization, organizational discipline, and programmatic consistency by discouraging the
17 systematic or opportunistic switching of political party affiliation by candidates or elected officials,
18 solely for purposes of determining eligibility for or accountability in the use of public party funding,
19 and without establishing a general prohibition against party switching.

20 a) *Critical Party Funding* – refers to limited, conditional, and regulated public
21 financial support provided by the State to qualified political parties to support party development
22 and institutional strengthening.

23 b) *Election Year* and *Non-Election Year* – shall have the meanings defined by
24 COMELEC.

1 c) *Party Development Activities* – refer to non-campaign activities intended to
2 strengthen political parties as institutions, including organizational development, membership
3 education, policy research, and internal democratic processes.

4 d) *Political Party* – refers to an organized group of citizens duly registered with the
5 Commission on Elections (COMELEC) that seeks to influence public policy and governance by
6 nominating candidates for public office.

7 e) *Qualified Political Party* – refers to a political party that meets the eligibility
8 requirements under this Act.

9 f) *State Subsidy Fund* – refers to the fund for party development and campaign
10 activities of accredited national political parties under this Act.

11 **SEC. 4. *Nature and Scope of Critical Party Funding.*** - Critical party funding under this
12 Act shall be understood as supplemental public support provided in recognition of the democratic
13 function of political parties. Such funding shall not constitute an entitlement or permanent source
14 of income; it shall be subject to strict eligibility, transparency, and audit requirements; it shall be
15 provided solely for purposes consistent with political party development and lawful political
16 activities; and it shall supplement, and not replace, lawful private funding.

17 **SEC. 5. *Establishment of the Political Party Development and Democracy Fund.*** – There
18 is hereby established a Political Party Development and Democracy Fund, to be administered by
19 the Commission on Elections.

20 The Fund shall be used exclusively to provide critical party funding to qualified political
21 parties in accordance with this Act and its implementing rules and regulations.

22 **SEC. 6. *Objectives of the Fund.*** – The Political Party Development and Democracy Fund
23 shall be utilized to strengthen political parties as stable, programmatic, and accountable democratic
24 institutions rather than temporary electoral vehicles. It shall reduce excessive dependence on
25 private money and mitigate the undue influence of wealth in politics by providing regulated public
26 support tied to transparency and accountability.

27 The Fund shall promote fair and competitive political participation, support long-term
28 political party development beyond election cycles, encourage internal party democracy,
29 inclusiveness, and organizational discipline, and enable smaller and program-based political parties
30 to build sustainable institutional capacity consistent with democratic principles.

31
32 **SEC. 7. *Eligibility for Access to the Fund.*** – To qualify for access to the Fund, a political
33 party must be duly registered and accredited by COMELEC; maintain a national organizational
34 structure and internal governing rules; comply with all reporting, disclosure, and audit requirements
35 under this Act; and meet minimum organizational or electoral performance standards as may be
36 determined by COMELEC solely for purposes of funding eligibility. Eligibility requirements under
37 this Act shall apply only to access to public funding and shall not be construed as regulating
38 political party existence, accreditation, or participation beyond the scope of this Act.

1 **SEC. 8. *Allocation of the Fund.*** – The Fund shall be allocated using a hybrid allocation
2 formula, which may include a base amount equally distributed among qualified political parties; a
3 performance-based component proportional to votes obtained or seats won in the most recent
4 election; and a matching component that encourages small donor contributions. COMELEC shall
5 ensure that allocation mechanisms promote fairness, inclusivity, and party institutionalization
6 while avoiding excessive concentration of public funds.

7 **SEC. 9. *Allowable Uses of the Fund.*** - Public funds provided under this Act shall be used
8 exclusively to advance the objectives of political party institutionalization, organizational
9 strengthening, transparency, and accountability as set forth in Section 6 of this Act, subject to the
10 limitations and safeguards herein provided, as follows:

11 (a) **Party Development Activities.** – During non-election years, the Fund may be used solely
12 for Party Development Activities, including but not limited to party administration and
13 organizational strengthening; membership recruitment, training, and political education; policy
14 research and platform development; civic education and voter engagement; internal democratic
15 processes; leadership development; and communication and constituency outreach consistent with
16 the party’s declared principles and programs.

17 (b) **Election-Related Activities.** – During election years, a limited portion of the Fund may
18 be used for lawful election-related activities of the political party, subject to existing election laws,
19 expenditure limits, reporting requirements, and such additional safeguards as may be prescribed
20 under this Act and its implementing rules. In all cases, the use of public funds shall prioritize
21 institutional party development and shall not be used primarily for individual candidate promotion.

22 (c) **Prohibited Uses.** – The Fund shall not be used for the personal enrichment of party
23 officers, members, or candidates; for activities unrelated to legitimate political party functions; for
24 the support of candidates not officially nominated or endorsed by the political party; for
25 vote-buying or any unlawful electoral activity; or for any expenditure not properly reported or
26 accounted for in accordance with this Act.

27 (d) **Administrative Consequences and Relation to Other Laws.** – Any use of public funds
28 inconsistent with this Section shall constitute grounds for administrative action under this Act,
29 including the reduction, suspension, or withdrawal of access to public funding.

30 Nothing in this Act shall be construed as creating new criminal offenses or penalties. Any
31 act involving the misuse, diversion, or unlawful disbursement of public funds, or any violation of
32 election, audit, or anti-corruption laws, shall be governed by and subject to the applicable
33 provisions of existing laws, including election laws, auditing rules, and statutes on public
34 accountability, without prejudice to administrative, civil, or criminal liability under such laws.

35 **SEC. 10. *Transparency and Accountability in the Use of Public Funds.*** – Political parties
36 receiving public funds under this Act shall maintain separate accounting for public funds and
37 private contributions; submit itemized reports on the receipt and use of public funds; comply with
38 periodic reporting requirements prescribed by COMELEC; and ensure public disclosure of fund
39 utilization through COMELEC-maintained platforms. These requirements shall apply only to
40 political parties receiving public funding under this Act.

1 **SEC. 11. *Relation to Existing Campaign Finance Laws.*** – Nothing in this Act shall be
2 construed as establishing a general campaign finance regime or as amending contribution limits,
3 expenditure ceilings, or disclosure requirements under existing laws.

4 Financial reporting requirements under this Act apply exclusively to public funds provided
5 herein and to private contributions insofar as they affect eligibility for or accountability in the use
6 of such public funds.

7 **SEC. 12. *Funding Eligibility in Relation to Party Loyalty.*** – For purposes of determining
8 eligibility for access to the Fund, and in furtherance of the objectives of party institutionalization,
9 organizational discipline, and institutional integrity set forth in Section 6 of this Act, political
10 parties shall demonstrate consistency in party affiliation and adherence to their internal
11 organizational rules.

12 A political party that, as a matter of policy or repeated practice, systematically
13 accommodates candidates who have recently switched party affiliation in a manner that undermines
14 party institutionalization and organizational discipline may be subject to the reduction, suspension,
15 or withdrawal of access to public funding under this Act.

16 This provision shall apply solely as a condition for access to public funding and shall not
17 be construed as establishing a general prohibition against political party switching, impairing the
18 freedom of association, or imposing penalties beyond the scope of this Act.

19 **SEC. 13. *Non-Interference with the Party-List System.*** – Nothing in this Act shall be
20 construed as amending, repealing, or modifying Republic Act No. 7941 or any law governing the
21 party-list system. Political parties participating in the party-list system shall be subject to the Act
22 only to the extent that they qualify for and receive public funding under this framework.

23 **SEC. 14. *Oversight and Audit.*** – The Commission on Elections shall administer and
24 monitor compliance with this Act. The Commission on Audit shall conduct regular audits of the
25 use of public funds provided under this Act. The Office of the Ombudsman shall have jurisdiction
26 over acts involving fraud, misuse of public funds, or corruption.

27 **SEC. 15. *Implementing Rules and Regulations.*** – Within ninety (90) days from the
28 effectivity of this Act, the Commission on Elections, in consultation with the Commission on Audit
29 and relevant stakeholders, shall promulgate the necessary rules and regulations for its effective
30 implementation.

31 **SEC. 16. *Separability Clause.*** – If any provision of this Act is declared unconstitutional or
32 invalid, the remaining provisions shall remain in full force and effect.

33 **SEC. 17. *Repealing Clause.*** – All laws, decrees, executive orders, rules, and regulations
34 inconsistent with this Act are hereby repealed or modified accordingly.

35 **SEC. 18. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in
36 the *Official Gazette* or on a newspaper of general circulation.

37 *Approved,*