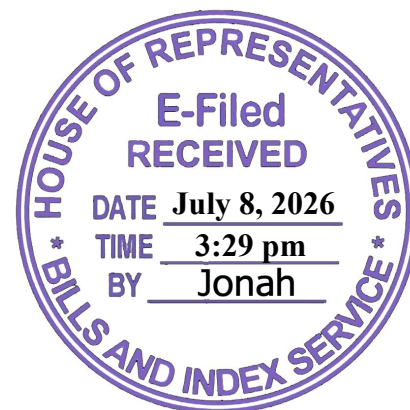


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Twentieth Congress
First Regular Session

House Bill No. **10041**



Introduced by Representative Timothy Joseph Cayton

EXPLANATORY NOTE

The barangay is the basic political unit and the primary planning and implementing unit of government programs, projects, and activities in the community.¹ Under the 1987 Constitution and the Local Government Code of 1991 (R.A. 7160), the State is committed to decentralization, local autonomy, and the empowerment of local government units to deliver essential services to the Filipino people.

In April 2026, the Executive Branch launched the “Bawat Barangay Makikinabang” Program, allocating PhP 200,000 to each of the country’s approximately 42,000 barangays through the Socio-Civic Projects Fund (SCPF) of the Office of the President.² The SCPF traces its statutory origin to Presidential Decree No. 1869, s. 1983 (PAGCOR Charter), Section 7(a) of which empowers the allocation and distribution of PAGCOR earnings earmarked for infrastructure and socio-civic projects, with the approval of the Office of the President.³ Section 12 of the same decree mandates that the government’s share of PAGCOR’s aggregate gross earnings be set aside for infrastructure and socio-civic projects, with the Office of the President authorized to direct such allocations throughout the Philippines.⁴ The current administration of the SCPF is governed by Memorandum Order No. 11, s. 2022, which reverted SCPF management to the Office of the Executive Secretary, citing Section 6 of Executive Order No. 1, s. 2022 and Section 7(a) of P.D. No. 1869.⁵

The program has supported community development projects and educational assistance for graduating college students. However, the SCPF has a statutory origin in P.D. No. 1869⁶ and is supported by an executive issuance chain (E.O. No. 1⁷ and M.O. No. 11⁸), the actual per-barangay

¹1987 CONST., Art. X, §3; Art. II, §9; Art. XIII, §1. Rep. Act No. 7160, §384 (1991).

² Office of the Executive Secretary, as reported by Philstar.com, “Marcos OKs P8-billion aid for barangays, students amid crisis,” April 10, 2026.

³ Presidential Decree No. 1869, §7(a), s. 1983 (PAGCOR Charter).

⁴ P.D. No. 1869, §12 (Special Condition of Franchise).

⁵ Memorandum Order No. 11, s. 2022.

⁷ Executive Order No. 1, s. 2022, “Reorganizing the Office of the President.” Section 6 provides that the OSAP and PMS shall coordinate with the Executive Secretary.

allocation of PhP 200,000 is not institutionalized by law, has no permanent funding mechanism, and lacks codified eligibility criteria, accountability standards, and anti-patronage safeguards.

This bill establishes the *Barangay Economic Relief and Community Development Fund* (BERCD Fund) as a permanent, formula-based, and non-partisan mechanism for direct financial assistance to every barangay.

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

A handwritten signature in black ink, appearing to read 'Timothy Cayton', with a large, stylized initial 'T'.

ATTY. TIMOTHY JOSEPH E. CAYTON, PhD.

Representative

Lone District of Nueva Vizcaya

HOUSE OF REPRESENTATIVES

Quezon City, Metro Manila

Twentieth Congress
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House Bill No. **10041**

Introduced by Representative Timothy Joseph Cayton

**AN ACT ESTABLISHING THE BARANGAY ECONOMIC RELIEF AND
COMMUNITY DEVELOPMENT FUND, AND FOR OTHER PURPOSES**

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

SECTION 1. Short Title. — This Act shall be known as the
“*Barangay Economic Relief and Community Development Fund Act.*”

SEC. 2. Declaration of Policy. — The State recognizes barangays as
the basic political unit and the primary planning and implementing unit of
government programs, projects, and activities in the community. Consistent
with the policy of decentralization and local autonomy enshrined in the
Constitution and the Local Government Code of 1991, the State shall ensure
a regular, equitable, and non-partisan allocation of funds to every barangay
to support community development, educational access, disaster
preparedness, and grassroots-level public service delivery.

SEC. 3. Definition of Terms. — For the purposes of this Act, the
following terms are defined:

- (a) “Barangay” refers to the basic political unit as defined in Republic
Act No. 7160, otherwise known as the Local Government Code of
1991;
- (b) “BERCD Fund” refers to the Barangay Economic Relief and
Community Development Fund established under this Act;
- (c) “Community Development Projects” refers to projects for public
safety, disaster preparedness, health, infrastructure, and other
priorities identified through a participatory barangay assembly
process;
- (d) “Educational Assistance” refers to the financial grants provided to
qualified students under this Act;
- (e) “Implementing Agency” refers to the Department of the Interior and
Local Government (DILG).

SEC. 4. Establishment of the Fund. — There is hereby established a permanent fund, to be known as the Barangay Economic Relief and Community Development Fund (BERCD Fund), which shall provide annual financial assistance to every barangay in the Philippines.

SEC. 5. Amount and Allocation Formula. —

(a) Each barangay shall receive a minimum annual allocation of Two Hundred Thousand Pesos (P200,000.00), subject to adjustment every three (3) years based on the Consumer Price Index (CPI) as published by the Philippine Statistics Authority (PSA), upon joint recommendation of the DILG and the Department of Budget and Management (DBM).

(b) The allocation for each barangay shall be divided as follows:

(i) Not less than fifty percent (50%) for Community Development Projects, including but not limited to: public safety infrastructure such as streetlights, closed-circuit television systems, and patrol equipment; disaster risk reduction and management equipment and facilities; power generators for health centers and evacuation facilities; and other projects identified through a participatory barangay assembly process; and

(ii) Not more than fifty percent (50%) for Educational Assistance, prioritizing students in the final two (2) years of their college degree program who are at risk of dropping out due to financial hardship.

(c) An additional or differentiated allocation formula may be adopted by the Implementing Agency, in consultation with the DBM, for barangays classified as: (i) geographically isolated and disadvantaged areas (GIDAs); (ii) disaster-affected areas as declared by the National Disaster Risk Reduction and Management Council (NDRRMC); or (iii) areas with higher-than-average poverty incidence as determined by the PSA.

SEC. 6. Funding Source. —

(a) The BERCD Fund shall be sourced from an annual appropriation in the General Appropriations Act (GAA), which shall not be lower than the amount appropriated in the immediately preceding fiscal year.

(b) The appropriation for the BERCD Fund shall be treated as an automatic appropriation to ensure continuity of the program regardless of changes in administration: *Provided*, That the DBM may recommend a temporary reduction, but not elimination, of the allocation during a fiscal emergency as declared by the President with the concurrence of Congress.

(c) Such other funds as may be authorized by law, including donations, grants, and aid from domestic or international sources, may supplement the BERCD Fund.

SEC. 7. Implementing Agency. — The Department of the Interior and Local Government (DILG), in coordination with the Department of Budget and Management (DBM) and the Liga ng mga Barangay, shall serve as the lead implementing agency for the BERCD Fund. The DILG shall be responsible for the release, monitoring, and evaluation of fund utilization.

SEC. 8. Eligibility and Selection Criteria for Educational Assistance. —

(a) Student beneficiaries shall be selected by the Barangay Council through a duly enacted resolution, subject to the following minimum criteria:

- (i) The student must be a bona fide resident of the barangay;
- (ii) Enrolled in an accredited higher education institution, whether public or private;
- (iii) In the final two (2) years of their degree program;
- (iv) Belonging to a household classified as poor or near-poor based on PSA data, or as certified by the local social welfare and development office; and
- (v) Not a recipient of any other full national government scholarship.

(b) Selection shall be non-partisan and shall not consider political affiliation, family connections to barangay officials, or other partisan criteria.

(c) The Barangay Council shall post the list of applicants and selected beneficiaries in at least three (3) conspicuous places within the barangay, and on any available digital platform, for at least fifteen (15) days.

SEC. 9. Prohibited Acts and Anti-Patronage Safeguards. —

(a) No elected or appointed official of the national government, including but not limited to members of Congress, governors, mayors, vice mayors, and councilors, shall participate in the identification of beneficiaries, selection of projects, or distribution of funds under this Act.

(b) No barangay shall be excluded from receiving its allocation, in whole or in part, on the basis of the political affiliation or party alignment of its officials or residents.

(c) Any person who withholds, diverts, or misuses funds allocated under this Act, or who uses the same for partisan political purposes, shall be liable under Republic Act No. 3019, otherwise known as the “Anti-Graft and Corrupt Practices Act,” Republic Act No. 6713, otherwise known as the “Code of Conduct and Ethical Standards for Public Officials and Employees,” and other applicable laws, without prejudice to criminal prosecution under the Revised Penal Code.

(d) The distribution or release of funds under this Act shall be suspended forty-five (45) days before and thirty (30) days after any national or local election, consistent with the Omnibus Election Code (Batas Pambansa Blg. 881): *Provided*, That funds already released to barangays prior to the election period may continue to be utilized.

SEC. 10. Transparency and Accountability. —

(a) Each barangay shall post in at least three (3) conspicuous places within the barangay, and on any available digital platform, the following information: the amount received; the list of projects funded and their status of implementation; the names and qualifications of educational

assistance beneficiaries; and the total amount utilized and remaining balance.

(b) The DILG shall establish and maintain a publicly accessible online portal containing the complete list of barangay allocations, disbursements, project reports, and utilization records.

(c) The Commission on Audit (COA) shall conduct annual audits of barangay utilization of BERCD funds and shall submit a consolidated report to Congress within six (6) months after the close of each fiscal year.

SEC. 11. Reporting Requirements. —

(a) Each barangay shall submit to the DILG, through its regional or provincial office, a utilization report within ninety (90) days after the end of each fiscal year, in a form prescribed by the Implementing Rules and Regulations.

(b) The DILG shall submit to the President of the Philippines, the Senate President, and the Speaker of the House of Representatives a consolidated annual report on the implementation of this Act within one hundred twenty (120) days after the close of each fiscal year.

SEC. 12. Implementing Rules and Regulations. — The DILG, in consultation with the DBM, COA, *Liga ng mga Barangay*, and representatives of civil society organizations, shall promulgate the Implementing Rules and Regulations (IRR) within ninety (90) days from the effectivity of this Act. The IRR shall prescribe the forms, procedures, timelines, and guidelines for the release, utilization, reporting, and auditing of funds under this Act.

SEC. 13. Inflation Adjustment. — The base allocation per barangay under Section 5(a) shall be reviewed and adjusted every three (3) years by the DILG and DBM, based on the cumulative increase in the Consumer Price Index as published by the PSA, subject to the availability of funds and approval of the DBM.

SEC. 14. Separability Clause. — If any provision of this Act is held invalid or unconstitutional, the other provisions not affected thereby shall continue to be in full force and effect.

SEC. 15. Repealing Clause. — All laws, presidential decrees, executive orders, letters of instruction, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 16 Effectivity. — This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,