



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

**EIGHTEENTH CONGRESS**  
First Regular Session



House Bill No. 5675

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**INTRODUCED BY TGP PARTY-LIST REP. JOSE “BONG” J. TEVES, JR.**

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**“AN ACT INSTITUTIONALIZING BUDGET REFORM THAT WILL ENSURE THE  
EQUITABLE DISTRIBUTION OF FUNDS FOR ALL MUNICIPAL AND  
BARANGAY LOCAL GOVERNMENT UNITS FOR THE PURPOSE OF  
IMPLEMENTATION OF THE ECOLOGICAL SOLID WASTE MANAGEMENT  
ACT OF 2000 (R.A. 9003), APPROPRIATING FUNDS THEREFOR”**

**EXPLANATORY NOTE**

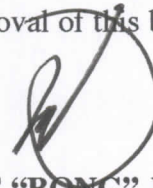
The Local Government Units’ (LGUs) role is vital in nation building through the decentralization of important governmental functions to the local level such as environment, public health, infrastructure, among others. The State recognizes the policy for fiscal decentralization of LGUs as contemplated in Local Government Code. Considering the vital role of LGUs in nation building and the policy for fiscal decentralization, the State further recognizes the existing gaps that need to be addressed such as the insufficient share of the LGUs in the National Budget.

It is a known fact that municipalities, especially those in the fifth and sixth class, and the barangays only depend on their share in the Internal Revenue Allotment (IRA). While the R.A. 9003 or the Ecological Solid Waste Management Act (ESWMA) mandates every municipality and barangay to implement the collection and processing of solid wastes from source, it requires enormous amount of funding which the municipalities and barangays cannot sustain. The IRA that the municipalities and barangays are receiving is only sufficient for the

maintenance and other operating expenses (MOOE) of the said LGUs and cannot further suffice to implement its mandate under R.A. 9003.

This bill proposes the provision of additional funds, herein referred to as the Municipal and Barangay Environment Fund (MBEF), to the Municipal and Barangay LGUs to fully comply with its mandate in the implementation of R.A. 9003. The MBEF shall enable the Municipal LGUs to be active participants in nation building especially with environmental concerns in their respective territorial jurisdiction.

In view of the foregoing, I recommend the immediate approval of this bill.

A handwritten signature in black ink, consisting of a stylized 'J' and 'T' followed by a large circular flourish.

**JOSE "BONG" J. TEVES, JR.**  
Representative, TGP Partylist



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*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 “Municipal and Barangay  
Environmental Budget Development Act of 2019”.

**SECTION 2. Declaration of Policy.** – It is the policy of the state in accordance with  
the Constitution to protect and advance the right of the people to a balanced and healthful  
ecology in accordance with rhythm and harmony of nation. It is also a declared policy of the  
State that territorial and political subdivisions shall enjoy genuine and meaningful local  
autonomy to enable them to attain their fullest development as self-reliant communities and  
make them more effective partners in attainment of national goals. Further, the State  
acknowledges that there exists a fiscal gap between the expenditure responsibilities of the Local  
Government Units (LGUs) and their fiscal capacity. Furthermore, it is the policy of the State



to ensure that sufficient financial resources for development in accordance with law are available to LGUs with corresponding accountability of improving public services.

Therefore, the State recognizes that inclusive and sustainable growth can be truly achieved only by providing LGUs with adequate resources and technical capacities that will promote meaningful development.

**SECTION 3. *Scope.*** – This Act shall apply to the implementation of National and Local Government Solid Waste Management Plans in accordance with Republic Act 9003 otherwise known as the Ecological Solid Waste Management Act of 2000.

**SECTION 4. *Purpose.*** – The purpose of this Act is to create an exclusive special fund in order to bridge the existing fiscal gap between the expenditure responsibilities of the municipal and barangay LGUs and their fiscal capacity in the implementation of R.A. 9003. Further, the fund shall be used solely by all municipal and barangay LGUs to finance their respective ecological and environmental projects, activities and programs (PAPs) identified in their approved Solid Waste Management Plans (SWMP).

**SECTION 5. *Formula for Environmental Management Fund.*** – The National Government shall guarantee and provide an annual fund referred to as “Municipal and Barangay Environmental Fund”. The Municipal and Barangay Environment Fund (MBEF) of all municipalities and barangays shall be computed based on the following formula, to wit:

The share of each municipal and barangay LGU of the Internal Revenue Allotment (IRA) in the year immediately preceding the passage of the General Appropriations Act (GAA) shall be multiplied by five (5) percent to achieve the MBEF allocation:

(The IRA share of each municipal and barangay LGUs in the year immediately preceding the passage of GAA x 5% = MBEF)

**SECTION 6. *Appropriations.*** – To carry out the provisions of this Act, the total amount of the MBEF for all municipalities and barangays shall be included in the General Appropriations Act. The MBEF shall be an added fund of each municipal and barangay LGUs which is separate from the IRA and shall be sufficient to implement the National and Local Government Solid Waste Management Plans of all municipalities and barangays in accordance with R.A. 9003.

Each municipal and barangay LGUs shall at all times receive the full amount of the MBEF. The MBEF shall be automatically and directly released to the municipal and barangay LGUs at the start of the fiscal year or on quarterly basis within ten (10) days at the start of each quarter. No lien or any other imposition of whatever nature may be imposed by the National Government against the said fund.

**SECTION 6.** *Role of the Barangay Local Government Unit.* – The Barangay LGU shall be responsible in the purchasing and collection of recyclable wastes from households and commercial establishments within their respective territorial jurisdiction. The MBEF of the Barangay LGUs shall be utilized exclusively for this purpose. Further, the Barangay LGU shall then transport the collected recyclable wastes to the local recycling facility or may opt to resell the collected recyclable wastes to local recycling centers.

**SECTION 7.** *Role of the Municipal Local Government Unit.* – Disbursement of MBEF shall be in accordance with the purpose stated in Section 4 of this Act. The PAPs allowed shall include but not be limited to the following, to wit:

- (a) Collection and transport of solid waste;
- (b) Recycling program;
- (c) Education, awareness, and training program;
- (d) Establishment of Materials Recovery Facility; and
- (e) Establishment of Waste Management Facilities such as:
  - a. Controlled Dump Sites; and
  - b. Sanitary Land Fills
- (f) Solid Waste Management Plans (SWMP)

**SECTION 8.** *Expenditures Not Covered.* – No amount shall be disbursed to expenses that are not related to or connected with the PAPs identified in the LGUs' respective approved SWMP such as but not limited to:

- (a) Unnecessary administrative expenses such as cash gift, medical assistance, bonuses and the like;
- (b) Travelling expenses of LGU officials whether domestic or international;
- (c) Construction, repair or refurbishing of facilities not related in the implementation of the LGUs' respective SWMP;



- (d) Other expenditures that are not related and unnecessary in the implementation of their respective SWMP.

The MBEF shall not be used to finance PAPs that may duplicate or overlap with PAPs that are being implemented or funded by the National Government Agencies.

**SECTION 9. *Solid Waste Management Plans.*** – Consistent with Section 16 of R.A. 9003, every LGU shall create their respective 10-year solid waste management plans consistent with the National Solid Waste Management Framework: Provided, that waste management plan shall be for the re-use, recycling and composting of wastes generated in their respective jurisdictions, and segregation at source.

**SECTION 10. *Oversight Evaluation.*** – An Oversight Evaluation Committee shall be created and be responsible for the monitoring and evaluation of the implementation of the PAPs through the MBEF based on the Municipal and Barangay LGUs SWMP. The Committee shall be composed of:

- (a) Undersecretary for Local Government of the Department of Interior and Local Government (DILG);
- (b) Undersecretary for Solid Waste Management and Local Government Unit of the Department of Environment and Natural Resources (DENR);
- (c) Member for Recycling Industry of the National Solid Waste Management Commission;
- (d) Undersecretary for Local Government and Regional Operations Group of the Department of Budget and Management (DBM);
- (e) Executive Director of the Bureau of Local Government Finance of the Department of Finance (DOF).

A Technical Support Unit may be created by the Oversight Evaluation Committee but shall be within the administrative structure of the DILG.

**SECTION 11. *Implementing Rules and Regulations.*** – For effective implementation, the DENR and DBM shall jointly formulate the necessary Implementing Rules and Regulations within sixty (60) days after the effectivity of this Act.

**SECTION 12. *Penal Provision.*** – Withholding the release of the MBEF as defined under Section 5 of this Act shall be unlawful. Any person who withhold the release of the MBEF shall be prosecuted for violation of applicable provisions of the Revised Penal Code of the Philippines and applicable special laws.

**SECTION 13. *Congressional Oversight Committee*** – The House of Representatives or the Senate shall perform the necessary oversight function and shall have the power to monitor and evaluate the implementation of this Act.

**SECTION 14. *Congressional Review.*** – The Congress through their respective appropriate Committees shall conduct a review of the accomplishments, impact, and performance of the municipal and barangay LGUs for purposes of determining remedial legislation. Congressional Review shall be held after five (5) years after the effectivity of this Act.

**SECTION 15. *Suppletory Application of Existing Laws.*** – The provisions of Republic Act No. 7160 also known as the Local Government Code of 1991, Republic Act 9003 also known as the Ecological Solid Management Waste Act of 2000, and other laws consistent with this Act shall have suppletory effect.

**SECTION 16. *Repealing Clause.*** – All laws, presidential decrees, executive orders, presidential proclamations, rules and regulations or parts thereof contrary to or inconsistent with this Act are hereby repealed, superseded or modified accordingly.

**SECTION 17. *Separability Clause.*** – Any portion of this Act that may be declared unconstitutional or invalid shall not have the effect of nullifying other portions or provisions hereof, as long as such remaining provisions can still subsist and be given effect in their entirety.

**SECTION 18. *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,