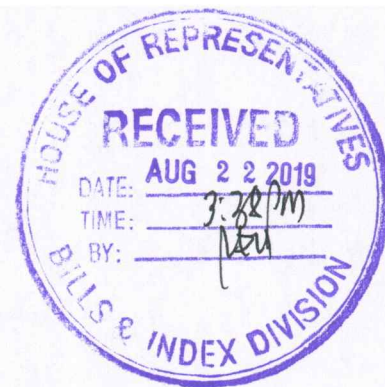


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4140



Introduced by **HON. EDGAR M. CHATTO**
First District, Bohol

EXPLANATORY NOTE

The total Philippine road network spans 217,643.57 kilometers, 15% of which are National Roads under the auspices of the Department of Public Works and Highways. Meanwhile, 85% of the total Philippine road network are local roads, of which 31,786 km. or 15% of are provincial roads.

It has been highlighted in various studies¹ that a well-connected local road network in good condition is pivotal to the timely movement of people and transport of goods, thus, is crucial to the sustained social and economical progress and development of individual localities, and ultimately, the whole country.

One of the priorities of the National Government since the devolution of responsibility for local road management to Local Government Units through the Local Government Code in the 90s is to help address the poor state of local roads in the country, as a result of more than two decades of underinvestment.

A road user – whether an investor, a business person, or an ordinary citizen will not distinguish the experience of passing through a road based on administrative classification. While 99% of the national road network is already concreted, it is therefore important to equally improve the condition of local roads along with the continuous improvement of national roads

The Philippine Institute for Development Studies, the World Bank, and the Asian Development Bank has cited in various studies¹ the “missing middle” phenomenon in our roads network, because of the poor quality of local roads and its lack of connectivity with national roads. The PSID also highlighted that underinvestment in local roads is brought about by various factors, including the capacities of LGUs in planning and budgeting and the lack of a good local road inventory.

Since 2001, funding for the maintenance, traffic management, and road safety devised of provincial and city roads have been provided by the National Government under the Special Local Road Fund (SLRF). The fund is 5% of the Motor Vehicle Users Charge (MVUC) or the fees collected by the Land Transportation Office (LTO) from road users and is apportioned to cities and provinces according to their road length and vehicle population. However, the average fund per year per local government unit (LGU) under SLRF only averages P 10 Million, a little over half the cost of repairs for

one kilometer of concrete road. Also, the SLRF does not provide for capacity strengthening activities for the LGUs on local road management and public financial management, which will enable the sustained development and maintenance of local roads.

In 2016, a Program called *Konkreto at Ayos na Lansangan ang Daan Tungo sa Pangkalahatang Kaunlaran or KALSADA* which in the following year transitioned to Conditional Matching Grant to Provinces for Road and Bridge Repair, Rehabilitation, and Improvement or CMGP was developed by the Department of the Interior and Local Government, in partnership with the League of Provinces of the Philippines (LPP), to assist the Provincial Governments in upgrading and maintaining their respective provincial and local roads.

The CMGP Program provides funds for the repair, rehabilitation, and improvement of *core* provincial roads and bridges, and provides assistance to Provincial Governments in developing and enriching their capacities in local road management through coaching, mentoring, trainings, and workshops, as well as in developing and introducing road management systems and tools. The capacity development component is to ensure that the Provincial Governments will have sufficient capacity and the adequate resources to continuously develop and maintain these roads in excellent condition. CMGP also ensures that the projects taken under the Program will be implemented in good quality. The annual funding requirements for the institutionalization of the CMGP is, therefore, proposed and is subject to approval under the General Appropriations Act yearly.

With the extent of local roads that are still in poor-to-bad condition, its recognition as a vital component for local and nationwide socio-economic progress, and the perennial issue of local government units on where to source the fund for road construction, improvement, and maintenance, this bill seeks to completely and continuously fill the investment and capacity gap in national-local roads connectivity.

This bill institutionalizes the provision of support from the National Government for funding of provincial and local road works to all Provincial Governments annually, as well as the provision of capacity development and quality assurance measures for local road management, to provide for and ensure the continuous development, improvement, and maintenance in optimal condition of the local road network.

The annual allocation for provincial and local road works and capacity development will augment the resources for under-provided devolved services, in this case local road management, and provide funding for the sustained implementation of the road works identified by the Provincial Governments in their Local Road Network Development Plans, and maintenance of their identified roads under their local road life cycle asset management document.

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



REP. EDGAR M. CHATTO

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Introduced by **HON. EDGAR M. CHATTO**
First District, Bohol

AN ACT
PROVIDING FOR THE INSTITUTIONALIZATION OF THE
CONDITIONAL MATCHING GRANT TO PROVINCES (CMGP)
FOR LOCAL ROAD AND BRIDGE REPAIR, REHABILITATION
AND IMPROVEMENT

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

SECTION 1. Title. – This Act shall be known as the “Local Road Repair, Rehabilitation, and Improvement or CMGP Act of 2018.”

SEC. 2. Declaration of Principles. – It is hereby declared the policy of the State that Local Government Units shall be responsible for providing basic services and facilities, such as local roads and bridges, and that the higher forms of governments shall provide or augment such services and facilities assigned to a lower level of local government unit when these are not made available or, if made available, are inadequate to meet the requirements of its inhabitants.

SEC. 3. Definition of Terms. – The following terms, as used in this Act, shall mean as follows:

- a. **Local Road Management** involves planning, prioritizing, and sustainably managing the local road network in consideration of the envisioned socio-economic development of the local government unit.
- b. **Local Roads** in this document shall refer to provincial, component cities, municipal and barangay roads or roads that (i) connect component cities and municipalities without traversing National Roads; (ii) connect national roads to barangays through rural areas, and (iii) connect to major provincial government infrastructure.
- c. **Core Local Roads** minimum road network required to support economic and social development by providing linkages between the majority of population and the basic services and facilities within the province. Core roads also serve as the primary drivers of local economic growth

- d. **Local Road Network Development Plan** - a transparent and predictable multi-year development program of local road networks, including provincial, component city, municipal, and barangay roads, that need to be improved or rehabilitated in the next five years to support local economic drivers, particularly agriculture, trade, logistics, and tourism hubs

SEC. 4. The Conditional Matching Grant to Provinces (CMGP) Program. – There is hereby established a regular National Government Program to be known as the Conditional Matching Grant to Provinces (CMGP) Program. CMGP shall annually (i) apportion funds for the repair, rehabilitation, and improvement of *core* provincial, component city, municipal, and barangay roads by the *Provincial Government*, as identified in the Province's Local Road Network Development Plan; (ii) provide capacity development activities and develop and roll-out systems and tools for the improvement of the provinces' local road management; (iii) administer the funds apportioned to the Provincial Governments; (iv) safeguard the fund downloaded annually directly to the Provincial Governments. CMGP shall be managed under the Department of the Interior and Local Government, the Department being the National Government Agency that is mandated to strengthen local government capability aimed towards the effective delivery of basic services to the citizenry, in partnership with the League of Provinces of the Philippines (LPP). Its principal flag office shall be in Metro Manila, but it may establish other branches or offices elsewhere in the Philippines as may be necessary or proper for the accomplishment of its purposes and objectives.

SEC. 5. Powers and Functions. – The CMGP Program shall be a partnership program of the Department of the Interior and Local Government and the Department of Budget and Management and the League of Provinces of the Philippines (LPP) for Provincial Governments. The aforementioned entities shall have the following powers and functions:

- a. The Department of the Interior and Local Government (DILG) shall:
1. administer the funds and oversee the operations of the CMGP Program;
 2. monitor the Provincial Governments' compliance with the provisions of the IRR of the CMGP Program, and shall set-up a database of the Provincial Governments' performances;
 3. organize and develop continuing training programs, coaching, and mentoring for Provincial Governments on Local Road Management and Public Financial Management;
 4. continuously develop tools and systems for Local Government Units that will support the continuous development and improvement in the management of local roads;
 5. plan and carry out research and development activities as a center of knowledge and services in the area of local road management;
 6. develop a set of criteria for the *annual* allocation of funds provided by the National Government for the repair, rehabilitation, and improvement of local roads to be approved by the Program Steering Committee;
 7. formulate policies that would support the efficient implementation of the Program and achievement of the Program's goals and objectives, for approval and concurrence of the Steering Committee;

8. forge partnerships with, and receive from any person and/or government and private entities, whether foreign or domestic, services relevant to the purpose and objectives of the Program; and
 9. as the lead implementor of the Program, exercise such other powers and functions, and perform other acts as may be necessary, proper, or incidental to the attainment of its purposes and objectives.
- b. The Department of Budget and Management (DBM) shall:
1. Issue the Special Allotment Release Order (SARO) and NCA and coordinate with the BTr for the direct download of funds to the provinces;
 2. Assist the Provincial Governments in matters relevant to Public Financial Management; and
 3. continuously develop tools and systems for Local Government Units that will support the continuous development and improvement in the management of public finances.
- c. The Provincial Governments shall:
1. Undertake the implementation of provincial and local road works subject to the provisions of the CMGP IRR;
 2. Undertake the implementation of road works on its component city, municipal and barangay roads as identified in the Local Road Network Development Plan and in coordination with the component city, municipal and barangay government units;
 3. Provide capacity development to the Component City, Municipal and Barangay Governments under its territorial jurisdiction on Local Road Management and Public Financial Management; and
 4. Directly coordinate with the concerned national government agencies or through the League of Provinces of the Philippines.
- The Provincial Government may undertake road works under its respective component cities, municipalities and barangays by administration.
- d. The League of Provinces of the Philippines (LPP) shall:
1. Assist the national government in the formulation and implementation of the CMGP policies, programs and projects affecting provinces as a whole;
 2. Encourage people's participation in CMGP planning and implementation in order to promote united and concerted action for the attainment of countrywide employment within the province;
 3. Serve as a forum for crystallizing and expressing ideas to further enhance the CMGP program, seeking the necessary technical assistance of both the national government and the private sector avenues for cooperation in its promotion;
 4. Exercise such other powers and perform such other duties and functions as the league may prescribe for the welfare of the provinces.

The LPP is the duly recognized organization of all Provinces under Sec. 502, Article IV of RA 7160, or the 1991 Local Government Code under, "for the primary purpose of ventilating, articulating and crystallizing issues affecting provincial government administration, and securing, through proper and legal means, solutions thereto".

SEC. 6. CMGP Program Steering Committee. – The governance and policy direction of the CMGP Program shall be vested in, and its powers exercised by, a Program Steering Committee, which shall be composed of seven members, as follows:

- a. The Undersecretary for Local Government of the Department of the Interior and Local Government, as Chairman;
- b. The President or Secretary General of the League of Provinces of the Philippines;
- c. The Undersecretary for Local Government and Regional Operations Group of the Department of Budget and Management;
- d. The Undersecretary for Budget Preparation and Execution Group;
- e. The Undersecretary for Investment Programming of the National Economic and Development Authority;
- f. The Undersecretary for Planning and Public-Private Partnership of the Department of Public Works and Highways; and
- g. The Undersecretary for Domestic Finance Group and Legislative Liaison or the Executive Director of the Bureau of Local Government Finance of the Department of Finance.

SEC. 7. Functions and Responsibilities of the Committee. – The Committee shall have the following functions:

- a. To formulate and adopt policies and measures for the management and operation of the Program after prior consultation with the Provinces through its League of Provinces of the Philippines (LPP);
- b. The DILG, as the Chairman of the Committee shall approve the staffing pattern of the CMGP Program Management Office;
- c. To promulgate rules and regulations for the discharge of its powers and functions and the internal operations of the CMGP Program Management Office; provided that the Chairman of the Committee shall exercise the power to appoint, promote, discipline, or remove the personnel of the CMGP Program;
- d. To oversee the financial affairs of the CMGP Program according to its requirements; and
- e. To periodically monitor and review the operations and accomplishments of the Program.

SEC. 8. Management and Staffing of the Program. – The Program shall be led by a Program Manager that is engaged by the Department of the Interior and Local Government, and shall receive such salary and remuneration as may be determined by the Committee Chairman. The Program Manager shall be responsible for forming a team for carrying-out Program operations, project monitoring, technical assistance, and capacity development to Provincial Governments. The competencies, salaries, and compensations of the Program staff shall likewise be evaluated and determined by the Committee Chair. The Executive Director of the League of

Provinces of the Philippines (LPP) shall be part of the CMGP Program Management Office to ensure close coordination with the Provincial Governors.

SEC. 9. Government Coordination. – The CMGP Program Management Office shall assist, cooperate, and coordinate with other government agencies for the implementation of the purposes and objectives of this Act.

SEC. 10. Appropriations. – The amount necessary to carry out the provisions of this Act shall be included in the General Appropriations Act of the year following its enactment into law and thereafter.

SEC. 11. Implementing Rules and Regulations. – Within thirty (30) days from the completion of their appointments, the Program Steering Committee shall convene, and with the existing CMGP Program Management Office, and the Office of the Project Development Services where the Program is lodged, shall review the Program guidelines, and improve and amend the rules and regulations, as necessary, for the implementation of this Act. The revised rules and regulations shall be issued within one hundred eighty (180) days from the date of the Committee's initial meeting and shall take effect upon publication in a newspaper of general circulation.

SEC. 12. Repealing Clause. – All laws, executive orders, presidential decrees, presidential proclamations, letters of instruction, rules and regulations or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 13. Separability Clause. – If any provision of this Act is declared unconstitutional or invalid, other parts of provisions hereof not affected thereby shall continue to be in full force and effect.

SEC. 14. Effectivity. – This shall take effect fifteen (15) days following its publication in the Official Gazette, or in two (2) newspapers of general circulation in the Philippines.

Approved,