

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 6709



Introduced by **HON. ALAN PETER S. CAYETANO, HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR., HON. PAOLO "PULONG" Z. DUTERTE, HON. LOREN LEGARDA, HON. FERDINAND MARTIN G. ROMUALDEZ, HON. ERIC G. YAP, HON. MARIA LAARNI L. CAYETANO, HON. MICHAEL T. DEFENSOR & HON. "KUYA" JOSE ANTONIO R. SY-ALVARADO**

EXPLANATORY NOTE

Forecasts released prior to the outbreak of the COVID-19 virus pandemic and the subsequent implementation of stringent measures intended to curb its transmission in the country suggest that the Philippine economy was poised for a 6.5 percent to 7 percent growth in 2020 riding on the back of sustained government spending across all sectors and propelled by President Rodrigo Roa Duterte's "Build, Build, Build" flagship program.

However, with the nearly two months-long suspension of major business activities and work in erstwhile ongoing public infrastructure projects, not to mention the deferral of new private and public construction works, experts now project a contraction of the national economy at zero to 1.5 growth rate for 2020.

According to the Philippine Institute for Development Studies (PIDS), weaker global and domestic demand over the next few months could cost the Philippine economy at least PHP276.3 billion under best case scenarios or PHP2.5 trillion under worst case scenarios with the transport, storage, communication, services, tourism and wholesale

and retail trade sectors expected to record substantial losses¹. PIDS notes that due to self-isolation and community quarantine guidelines, the most directly affected would be the ability of workers to participate in the labor market.

In early April, the Philippine Constructors Association observed that around 1.3 million construction workers were likely displaced as a result of the Luzon-wide Enhanced Community Quarantine (ECQ)². Many of these workers would have to go back to their provinces with no jobs and source of livelihood.

In addition to locally displaced workers, the Department of Foreign Affairs (DFA) has been reporting a continuous stream of repatriated Overseas Filipino Workers (OFWs). According to the DFA, as of April 25, 2020 a total of 19,466 OFWs have already returned to the Philippines with thousands more, at least 200,000 more are expected to come home due to the global pandemic³.

In the face of impending global recession and unemployment, it is incumbent upon the government to establish both palliative and curative interventions that would simultaneously support the Filipino worker in the immediate term while laying out the foundations for a more resilient and sustainable future.

With various government and other public figures in the country and abroad likening ongoing efforts to curb the COVID-19 pandemic to that of a “war” (albeit, against an invisible enemy), socio-economic circumstances arising from communities emerging out of COVID-19 lockdown or quarantine measures may be similarly compared to “post-war” rehabilitation and recovery.

The annals of history and economic theory point to key paradigms for insights and critical adoption, if not, modification or innovation suited to the present challenges.

¹ ***Projected Disease Transmission, Health System Requirements, and Macro-economic Impacts of the Coronavirus Disease 2019 (COVID-19) in the Philippines.*** Michael R.M. Abrigo Jhanna Uy Nel Jason Haw Valerie Gilbert T. Ulep Kris Francisco-Abrigo:
<https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps2015.pdf>

² ***Over 1 million construction workers stranded, displaced due to Luzon lockdown***
Maan Macapagal, ABS-CBN News Posted at Apr 18 2020 03:17 AM <https://news.abs-cbn.com/news/04/18/20/over-1-million-construction-workers-stranded-displaced-due-to-luzon-lockdown>

³ ***Almost 20,000 OFWs evacuated, thousands more to be repatriated amid COVID-19 — DFA.***
Ratzel San Juan (Philstar.com) - April 25, 2020 - 1:05pm.
<https://www.philstar.com/headlines/2020/04/25/2009733/almost-20000-ofws-evacuated-thousands-more-be-repatriated-dfa>

Out of the Great Depression Era in the 1930s, particularly in the United States, the insight from economic theory that government spending and interventions in the market economy could stimulate demand and spur growth guided American New Deal policies and European welfare state models. In the United States for example, the Civilian Conservation Corps (CCC) established by the US Congress on March 31, 1933, provided jobs for millions of, unemployed during the Great Depression. Working in forest management, flood control, and conservation projects, development of state and national parks, forests, and historic sites, the hired men and women of the CCC were paid US\$30.00 a month and were required to “remit” a substantial part of their earnings to their homes and families to stimulate local demand and consumption⁴.

Insights from the New Deal Era were carried into the Post-World War II economic recovery policy-making interventions. In 1948, the United States Congress passed the Economic Cooperation Act of 1948 which would be popularly known as the Marshall Plan appropriating funds for the recovery of war-torn European nations and other countries damaged by the Second World War. The Marshall Plan would go on to assist government authorities in bankrolling public infrastructure programs among others to create jobs and employ workers, stimulate domestic economies and build trade linkages worldwide. On the American domestic front, the US Congress enacted in 1965 a Public Works and Economic Development Act⁵ which increased public spending to strengthen public infrastructure and address growing unemployment.

A similar law – Republic Act No. 3466 or the Emergency Employment Act of 1962 – was enacted by the Philippine Congress creating an Emergency Employment Administration mandated to implement large-scale public works projects which included power development, national and communal irrigation systems, river control and drainages, and the construction of highways and feeder roads connecting agricultural communities to market centers.

In contemporary times, the global recession of the late 2000s arising from the US subprime mortgage crisis drew policy-makers' attention once more to the role of the government in economic recovery and in

⁴ *If the Great Depression Is Any Indication, Things Won't Just Go Back to 'Normal' After the Coronavirus Pandemic Ends.* James C. Cobb. April 27, 2020. <https://time.com/5827348/great-depression-coronavirus-after/>

⁵ *The Public Works and Economic Development Act Of 1965 — A Domestic Marshall Plan.* Monroe Karasik. *The Business Lawyer*. Vol. 22, No. 3 (April 1967), pp. 617-624

particular, the contributions of public infrastructure spending. In the US Congress, policymakers and experts argued during debates leading to the passage of the American Recovery and Reinvestment Act (ARRA) that infrastructure investment “can be an important source of stimulating labor demand when the labor market is underutilized, and enhancing U.S. productivity through long-neglected investments in roads, bridges, water systems, ports, etc.”⁶ Signed into law by then President Barack Obama in February 2019, impact assessment studies on the ARRA suggest that it contributed substantially to real GDP growth and jobs creation - arresting the nearly 700,000 jobs per month losses in the American economy prior to its implementation and creating around 6 million employment-years (one employment year is equivalent to one payroll job for one year)⁷. But the present unemployment arising from COVID-19 under the incumbent President Donald Trump’s Administration is more than 20 million asking for unemployment insurance claims and still counting.

Although the Philippine economy rode out of the global recession of the late 2000s with flying colors, the government under the leadership of then President Gloria Macapagal-Arroyo remained pro-active and uncomplacent in protecting Filipino workers and guaranteeing the availability of employment. In 2009, Arroyo’s Economic Resiliency Program (ERP) ordered the hiring of some 93,000 unemployed Filipino workers towards the implementation of a roadside maintenance program⁸.

The lessons of economic policy and history appear clear: **infrastructure spending by the government “directly increases employment because workers are hired to undertake construction projects. It also adds to demand for goods and services through purchases of material and equipment and through additional spending by the extra workers who are hired ... that increase in demand leads to further hiring”**⁹. This is what experts call the **cumulative or multiplier effect that makes infrastructure spending beneficial to economic recovery**. The **Build, Build, Build Program**, further complemented by a **Plant, Plant, Plant Program** introduced

⁶ *The Role of Public Works Infrastructure in Economic Recovery*. Claudia Copeland, Linda Levine, William J. Mallett. Congressional Research Service. September 21, 2011
<https://fas.org/sgp/crs/misc/R42018.pdf>

⁷ *The Economic Impact of the American Recovery and Reinvestment Act of 2009 Ninth Quarterly Report*.
https://obamawhitehouse.archives.gov/sites/default/files/docs/cea_9th_arra_report_final_pdf.pdf

⁸ **Emergency job program to hire 93,000 workers**. Paolo Romero - November 2, 2009 - 12:00am
<https://www.philstar.com/headlines/2009/11/02/519308/emergency-job-program-hire-93000-workers>

⁹ Copeland, et. al, page 24

under the Administration of President Rodrigo Roa Duterte will provide a significant stimulus for accelerated economic recovery.

But while post-wartime or post-economic downturn policies can serve as a guide, the uniqueness and distinctiveness of the post COVID-19 lockdown situation and the “new normal” measures that must attend it also provide new pathways that government local infrastructure spending can take towards a more robust and resilient national economy. As an insightful policy blog from the International Monetary Fund (IMF) puts it, “the fall of output in this crisis is not driven by demand: it is an unavoidable consequence of measures to limit the spread of the disease” and therefore, the role of economic policy is not simply that of stimulating aggregate demand¹⁰.

The present legislative proposal contained under this Bill draws from past lessons but situates them in light of our contemporary needs.

Under this **COVID-19 Unemployment Reduction Economic Stimulus (CURES) Act of 2020**, government infrastructure spending shall be primarily geared towards maximizing the direct and indirect creation and sustaining of jobs particularly in the Philippine rural countryside. Anchored on the premise that the “construction phase of infrastructural projects like roads, watershed development, construction of irrigation dams, or powerhouses, the poor are provided employment and income-earning opportunities”¹¹, the CURES Act of 2020 will prioritize the funding of projects that target infrastructure building down the most basic unit of the political structure - the barangay level. These huge infrastructure projects shall be undertaken in conjunction with the “**Balik Probinsiya Program**” recommended by Senator Christopher Lawrence “Bong” Go which was approved by President Duterte.

These areas for immediate funding shall be prioritized - **Health, Education, Agriculture, Local Roads/Infrastructure and Livelihood (HEAL)** with proposals for funding evaluated against a criteria based on 1) actual need in the locality; 2) number of locally sourced new jobs to be created and/or sustained after the construction of the infrastructural output; and 3) potential for forward and backward


¹⁰ *Economic Policies for the COVID-19 War*. Giovanni Dell’Ariccia, Paolo Mauro, Antonio Spilimbergo, and Jeromin Zettelmeyer in IMF Blog Insights and Analysis on Economics and Finance. <https://blogs.imf.org/2020/04/01/economic-policies-for-the-covid-19-war/>

¹¹ *Evaluation of Infrastructural Interventions for Rural Poverty Alleviation*, 2000 Economic and Social Commission for Asia and the Pacific (ESCAP) https://www.unescap.org/sites/default/files/Rural_Poverty_fulltext.pdf

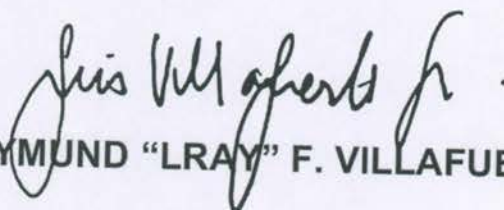
linkages with local businesses, suppliers and traders, small and medium enterprises and skilled and unskilled workforces. By refocusing government interventions towards these areas, the **CURES Act of 2020** also aims to rectify inequities in critical infrastructure funding. Moreover, it lays the necessary groundwork for the implementation of urban decongestion policies (part of the *Balik Probinsya Program*), the absorption of workers returning home to the countryside through entrepreneur development projects, and the eventual eradication of rural poverty in areas that will benefit the most from the positive socio-economic impact of public development projects. The implementation of the "Balik Probinsiya Program" shall be further incentivized by tax and non-tax measures such as new or expanded roads that lead to the opening of new business districts, economic and tourism zones.

Infrastructure shall be the backbone of our economy following the insight of almost all respected economists and recognized policymakers. This is why, although palliative measures such as cash transfers, unemployment dole-outs, relief, and other forms of immediate amelioration support are undoubtedly necessary at the moment, it is in the interest of both the government, the private sector, and the Filipino people at large that a lasting cure for economic resilience be established.

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



ALAN PETER S. CAYETANO



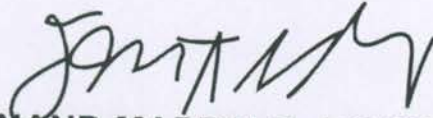
LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.



PAOLO "PULONG" Z. DUTERTE



LOREN LEGARDA



FERDINAND MARTIN G. ROMUALDEZ



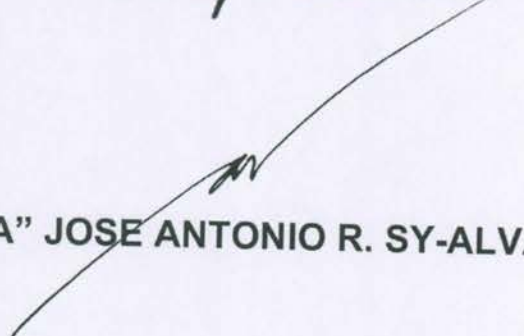
ERIC G. YAP



MARIA LAARNI L. CAYETANO



MICHAEL T. DEFENSOR



"KUYA" JOSE ANTONIO R. SY-ALVARADO

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 6709

Introduced by HON. ALAN PETER S. CAYETANO, HON. LUIS
RAYMUND "LRAY" F. VILLAFUERTE, JR., HON. PAOLO "PULONG"
Z. DUTERTE, HON. LOREN LEGARDA, HON. FERDINAND MARTIN
G. ROMUALDEZ, HON. ERIC G. YAP, HON. MARIA LAARNI L.
CAYETANO, HON. MICHAEL T. DEFENSOR & HON. "KUYA" JOSE
ANTONIO R. SY-ALVARADO

**AN ACT ESTABLISHING A COVID-19 UNEMPLOYMENT
REDUCTION ECONOMIC STIMULUS (CURES) FUND AND
INSTITUTING MECHANISMS FOR THE IMPLEMENTATION
THEREOF AND APPROPRIATING FUNDS THEREFOR**

Section 1. ***Title.*** - This Act shall be known as the "***The COVID-19 Unemployment Reduction Economic Stimulus (CURES) Act of 2020***".

Section 2. ***Declaration of Policy.*** - Infrastructure in various socio-economic sectors is the backbone of the country's economy. With the possibility of an economic downturn and unemployment inevitably arising from the restrictive lockdown measures implemented by the Philippine government to curb the transmission of the COVID-19 virus among Filipinos, it is the declared policy of the State to develop more stimulative measures and implement interventions that will create new jobs, protect existing employment-generating activities, and promote the equitable distribution of resources towards the eradication of poverty and the integral inclusive development of the Filipino people.

Thus, there is an urgent need to: **a)** establish a **Special Fund** that shall be disbursed primarily for the implementation of infrastructure projects across **these priority areas - Health, Education, Agriculture, Local Roads/Infrastructure and Livelihood (HEAL)**; **b)** define the guidelines, criteria, and standards in accessing, implementation, and evaluation of use of the same fund; and **c)** establish the government authority and body which shall be responsible for the collection, evaluation, approval, and oversight of the projects and activities to be undertaken under the same fund.

Section 3. ***Appropriation, Automatic Release and Fund Availability.***

- The amount of **One Trillion Five Hundred Billion Pesos (PHP 1,500,000,000,000.00)** is hereby appropriated for the establishment of the **COVID-19 Unemployment Reduction Economic Stimulus (CURES) Fund**.

The budgetary requirements for projects approved for implementation under the CURES Fund shall be **automatically released to the implementing unit in order to** facilitate the start-up and completion of projects and removing existing regulations and issuances that would impede the same.

Appropriation for the CURES Fund shall be made available **as they are hereby appropriated for three (3) fiscal years** from the approval of this Act under the following schedule: **five hundred billion pesos (PHP500,000,000,000.00) on the first year, five hundred billion pesos (PHP500,000,000,000.00) on the second year, and five hundred billion pesos (PHP500,000,000,000.00) on the third year.** After three years, Congress shall enact legislation extending or modifying the same or terminating the Fund. In the latter case, the unobligated balance shall be made available for the general budgetary requirements of the year succeeding its termination.

Section 4. ***Eligibility.*** - Infrastructure projects under the priority areas **(HEAL - Health, Education, Agriculture, Local Roads/Infrastructure and Livelihood)** shall be implemented through the CURES Fund

provided that a project to be eligible shall be located in an area that on the date of the submission of the application by the designated department or agency of the National Government authorized to receive, screen and evaluate the project for implementation shall meet the priority guidelines for the fiscal year under consideration by the Executive Cluster Committee established under this Act.

4.1. *Implementing Units* - The implementation of projects under the CURES Fund shall be undertaken by **national government departments / agencies** authorized by law or their charter to implement such class of projects. Such departments/agencies may, however, enter into a Memorandum of Agreement with a local government unit provided that said local government unit possesses the capacity to implement and maintain the same after construction.

4.2. No project shall be approved for implementation under the CURES Fund unless the proponent can demonstrate that **actual work on the same can realistically commence within a period of 90 working-days** from the release of the Special Allotment Release Order (SARO) from the Department of Budget and Management).

Section 5. **Project Classes.** Infrastructure projects to be funded under this Act shall primarily be for construction (and related activities, e.g. repair, improvement, etc.) purposes but may include the procurement of the necessary and essential equipment and implements for the operations of the same. No money shall be paid out of this fund for the payment of personnel services, job order salaries, professional and consultancy fees, the conduct of trainings, seminars, sports and cultural activities, of the Local Government units where the projects are located.

5.1. **Health-Related Projects** to be funded through the CURES Fund shall prioritize the following:

- a. construction/ improvement /expansion of barangay or municipal health centers, or the procurement of start-up equipment and supplies for new /existing facilities under this class;
- b. construction/ improvement/expansion of Municipal or City Health clinics, hospitals, and other facilities or the procurement of start-up equipment and supplies for new / existing facilities under this class;
- c. construction / improvement /expansion of Provincial and District Hospitals and Municipal Health facilities and the procurement of equipment and supplies for new/existing facilities under this class;
- d. construction of testing centers and isolation facilities for communicable diseases and additional intensive care units at local hospitals;
- e. purchase of IT equipment or laboratory facilities to enable immediate coordinated health response to suppress transmission of contagious or communicable diseases, information exchange, and contact tracing;
- f. purchase of equipment to upgrade hospital records into an electronic health records system;
- g. infrastructure investment for “telehealth” services, e-prescriptions, and mobile or remote access to health records;
- h. purchase of cloud-based platforms for clinical data analysis, management, and consolidation;
- i. construction of wastewater or sewage treatment plants or disposal facilities to minimize chemical and microbial hazards associated in human and hospital waste.

5.2. Education-Related Projects to be funded through the CURES Fund shall prioritize the following construction/ expansion improvement of school buildings and classrooms to decongest school facilities

- a. construction of washing and sanitation areas, toilets in every school
- b. construction/repair/improvement of other school facilities for industrial arts, culinary services, libraries, covered courts, etc.
- c. construction/repair/improvement of alternative learning centers, including E-Learning System classrooms and the procurement of equipment and supplies for the operations of facilities under this class;
- d. construction/repair/improvement of youth civic centers, gymnasium, and sports or athletic facilities;
- e. construction/improvement or expansion of technical-vocational learning centers and the procurement of equipment and supplies for the operations of facilities under this class; and
- f. the establishment of digital infrastructure (IT facilities, IT hubs) in any public educational, training, or learning institution and the procurement of equipment and supplies that will facilitate Electronic Learning / Remote or Distance Learning in the localities.

5.3. Agriculture-Related Projects to be funded thru the CURES Fund shall prioritize the following:

- a. construction/repair/improvement of municipal, provincial fish ports or docks (with ample space that could support

social distancing for direct buyers) and their connecting road/access networks and other necessary buildings/ attached facilities or equipment for use therein;

- b. construction/repair/improvement of post-harvest facilities (including cold storage facilities, fish landing for aqua-fisheries, meat processing and packaging centers for commercial distribution, etc.) and the procurement of farming machinery or equipment and fishery equipment (motorized fishing vessels, gill nets, etc.) for facilities and activities under this class;
- c. construction/repair/maintenance of municipal /provincial livestock facilities, hatcheries, fish nurseries, and other aqua-fishery facilities;
- d. construction/repair/ improvement of barangay/ municipal/city/provincial trading (*bagsakan*) centers, food terminals, and/or satellite markets following a floor plan that allows social distancing;
- e. construction/repair/improvement of municipal/city/ provincial abattoirs and hazard free packaging facilities;
- f. construction/repair/improvement of barangay/municipal/ provincial agricultural training centers, nurseries, and other agri-fishery research and development facilities;
- g. construction/repair/improvement of drainage and irrigation systems for flood-prone agricultural areas;
- h. construction or acquisition of more modern fishing vessels for cooperatives and fabrication of more fishnets, and other agri-fishery implements; and

- i. construction of alternative livelihood facilities for agricultural workers that would involve processing economically significant agri-business output.

5.4. Local Roads/Infrastructure and Livelihood Projects to be funded through the CURES Fund shall prioritize the following:

- a. construction or expansion of farm-to-market roads with adjoining solar drying pavements to facilitate transport of goods and supplies.
- b. construction /improvement / expansion of provincial, municipal or barangay roads affecting vulnerable communities;
- c. construction /improvement /expansion of local roads (provincial, municipal and/or barangay), roads, and other networks connecting schools, state-owned universities and, colleges and government-operated community colleges to communities;
- d. construction/repair/improvement of local roads (provincial, municipal and/or barangay) connecting communities to health facilities (hospitals, testing centers, reserved quarantine and isolation facilities, etc.);
- e. construction of provincial, municipal and/or barangay new road openings; and
- f. construction of walking or bicycle lanes projects and construction of bridges across creeks or irrigation canals.
- g. construction of evacuation centers and disasters emergency facilities.

- h. construction, expansion or improvement roads /pedestrian lanes in provinces outside National Capital Region (NCR) that go to tourist facilities, beach areas or mountain parks and/or roads going to new business districts, new economic zones or MSME business hubs.
- i. the implementation of an Enhanced Sustainable Livelihood Program under the Department of Social Welfare and Development (DSWD).
- j. the implementation of an Enhanced Tupad Program under Department of Labor and Employment (DOLE).
- k. the implementation of the proposed Barangay Emergency Employment Program (Beep) under DOLE to generate employment and mitigate unemployment due to COVID-19 and ensure income for formal and informal sectors during the post-COVID-10 recovery stage.
- l. the establishment of access to credit and financing for Small and Medium Enterprises (SMEs).
- m. the establishment of Research and Development (R&D) programs for product development and enterprise diversification.
- n. building/construction of integrated agricultural processing facilities for high-value agricultural products.
- o. the building/construction of production hubs and local livelihood product marketing and trading centers to improve trade linkages and partnerships.
- p. the enhancement of human resource capacity such as Technical Vocational Training and Education and the construction of training centers and knowledge transfer facilities.

Section 6. **The CURES Fund Executive Cluster Committee.** An Executive Cluster Committee is Hereby Established for the Purpose of Formulating Guidelines in the Administration of the CURES Fund and the Designation of the Executive Department or Agencies that shall Receive Applications, Screen and Vet and Process for Implementation projects authorized under this act.

a. **Composition of the Executive Cluster Committee (or their duly authorized representative:**

Chairperson	-	Secretary of the Presidential Adviser for Flagship Programs and Projects
Vice-Chairs	-	Secretary of Public Works & Highways
Members	-	Secretary of Finance Secretary of Health Secretary of Education Secretary of Agriculture Secretary of Trade and Industry Secretary of Interior and Local Government
Secretariat	-	Director-General of the National Economic Development Authority

b. **Roles and Responsibilities of the Executive Cluster Committee**

- i. within 15 days from the approval of this Act, the CURES Fund Executive Cluster Committee shall convene to formulate its Implementing Rules and Regulations (IRR) which shall include among others, if deemed necessary, **the standard formula calculating the multiplier effect of the infrastructure project to be implemented** considering its effects on local employment and job

- creation as one of the primary screening factor in project selection and approval;
- ii. the Executive Cluster Committee shall establish and maintain an **Open and Publicly Accessible Online Portal** through which projects funded out of this Act may be monitored;
 - iii. the Executive Cluster Committee shall, pursuant to the eligibility criteria established in this Act and further specified in the subsequent IRR and using the formula adopted, approve priority areas for funding consideration, including the projects which may be implemented therein based on the most advantageous to local employment and job creation as determined by the adopted formula;
 - iv. the budgetary requirements for the implementation of approved projects under the CURES Fund shall be automatically downloaded to the accounts of the implementing departments/ agencies with the implementation and use of the same subject to usual government audit regulations;

Section 7. Reporting Requirement. – The Executive Cluster Committee shall periodically compile all the reports of the implementing department/agencies including the projects implemented by or through local government units and shall submit within 25 days at the end of every semester, a semestral report of the status of the projects to the office of the President of the Republic of the Philippines and to the Congress of the Philippines through the office of the Senate President and the Speaker of the House of Representatives.

Section 8. Separability Clause. – If, for any reason or reasons, any part or provision of this Act shall be declared as unconstitutional or invalid, the other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

Section 9. **Repealing Clause.** – All provisions of existing laws, orders, rules and regulations or parts thereof which are in conflict or inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

Section 9. **Effectivity.** – This Act shall take effect immediately upon its publication in the Official Gazette or in at least two (2) newspapers of general circulation in the Philippines.

Approved,