

Republic of the Philippines
House of Representatives
Quezon City



EIGHTEENTH CONGRESS
First Regular Session
House Bill No. 230

INTRODUCED BY REPRESENTATIVE ALFRED VARGAS

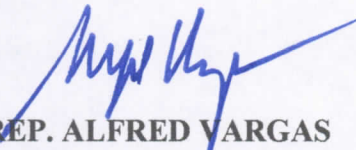
EXPLANATORY NOTE

The National Budget is the government's most fundamental instrument in achieving its policy goals — it can improve our economy, encourage the business community, and improve the lives of the marginalized people. Indeed, it serves as the lifeblood of the economy and a powerful tool for development. The budget encompasses all aspects of governance - policies, political and social preferences, administrative reforms, delivery of services, to name a few. It reflects the government's sincerity and political will to achieve social and economic change. The vital role it plays in the operations of our government, and ultimately in the life of every Filipino, demands that there should be mechanisms in place that will enable citizens to participate in the budget process so as to correct spending priorities and to ensure transparency in the appropriation of valuable taxpayer's money.

The budget process is the arena where a person can exercise his/her citizenship through the power to directly influence the social and economic priorities for his/her community. It is high time that we encourage our civil service organizations (CSOs) to focus their efforts into analyzing and scrutinizing the budget, in order to steer the government into creating meaningful development that is felt by the marginalized sectors. This bill, known as "The People's Participation in Budget Deliberations Act," adheres to the principles of genuine democracy by enshrining the right of the people to directly participate in the budget process, thereby preserving the people's power in influencing priorities underlying the budget for social development. Specifically, this bill aims to institutionalize people's participation in the budget deliberations in various levels of government - national, provincial, municipal down to the barangay level. Without underestimating and undermining the capacities of elected representatives in crafting a budget that is needed by a particular locality, this bill gives full play to the people's right to participate in all levels of social, political and economic decision-making.

Now is the time for Congress to recognize the importance of the direct participation by people's organizations and non-government organizations in the budget deliberation. We should institutionalize the practice of legislature - civil society collaboration in order to achieve a people-oriented budget as well as establish transparency and accountability in the budget process.

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



REP. ALFRED VARGAS
Fifth District, Quezon City

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AN ACT
INSTITUTIONALIZING THE PARTICIPATION OF CIVIL SOCIETY
ORGANIZATIONS (CSOS) IN THE PREPARATION AND AUTHORIZATION
PROCESS OF THE ANNUAL NATIONAL BUDGET, PROVIDING EFFECTIVE
MECHANISMS THEREFOR, AND FOR OTHER PURPOSES

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

SECTION 1 - Short Title. This Act shall be known as the "People's Participation in the National Budget Process Act of 2019".

SECTION 2 - Declaration of Policy. It is hereby declared the policy of the State to facilitate the establishment of adequate consultation and feedback mechanisms to promote meaningful and effective participation of Civil Society Organizations (CSOs) in the preparation and authorization of the annual national budget in order to ensure that the annual appropriations will be an instrument of development that is reflective of the national objectives, strategies and plans beneficial to the people.

SECTION 3. Definition of Terms. For purposes of this Act, the following terms are defined as follows:

a) "Accreditation" - refers to the registration process of CSOs with the National Government Agencies (NGAs) and Government Owned and Controlled Corporations (GOCCs). in order to allow them to participate in the preparation and authorization of the annual national budget.

b) "Accredited CSO" - refers to requirements in Section 5 of this Act. CSO's that have fulfilled.

c) "Budget Call" - refers to the budget document issued by the Department of Budget and Management (DBM) and sent to all NGAs and GOCCs which contains the policy guidelines and procedures in the preparation of the annual budget, including the budget preparation calendar for any given year. The issuance of a budget call signals the beginning of the budget preparation phase.

d) "Civil Society Organizations (CSOs)"- include non-government organizations (NGOs), cause-oriented groups, people's organizations, cooperatives, trade unions, professional associations, faith-based organizations, media groups, indigenous peoples movements, foundations, and other citizen groups formed primarily for social and economic development, which monitor government projects, engage in policy discussions, and actively participate in collaborative activities with the Government.

e) "Conflict of Interest" - refers to a condition which occurs when a CSC or any of its key officers are involved in multiple interests which prevent an impartial or unbiased attitude towards their participation in the national budget process.

f) "Constructive Engagement" - refers to a partnership between the Government and counterpart CSOs marked by sustained dialogue towards problem solving while respecting and retaining the focus on assertion for reforms.

g) "Government-Owned or Controlled Corporation (GOCC)" - refers to any agency organized as a stock or non-stock corporation, vested with functions relating to public needs whether governmental or proprietary in nature, and owned by the Government of the Republic of the Philippines directly or through its instrumentalities either wholly, or where applicable as in the case of stock corporations, to the extent of at least a majority of its outstanding capital stock.

h) "National Government Agency (NGA)" - refers to a unit of the National Government, including the Judiciary, both Houses of Congress, and Constitutional Offices.

i) "Participatory Mechanisms" - refer to the means by which CSOs can participate meaningfully and effectively in the government process of formulating and authorizing an annual national budget that is responsive to the needs of the different sectors in our society.

SECTION 4. Coverage. This Act shall apply to all NGAs and GOCCs whose budget is included in the Annual General Appropriations Act.

SECTION. 5. Accreditation. The application for accreditation for the Senate, the House of Representatives, the Judiciary, and the Constitutional Offices shall be filed at the Office of the Secretary, the Secretary-General, the Supreme Court Clerk of Court, and the Office of the Chairman, respectively. The application for accreditation for other NGAs and GOCCs may be filed at their respective regional or central office. The application form shall be prescribed by

each office and the application for accreditation shall be accompanied by the following documents:

- a. Articles of Incorporation and By-Laws of the applicant CSO:
- b. Certificate of Registration and/or other such similar documents, issued by an appropriate government agency tasked to register civil society organizations, such as but not limited to, the Securities and Exchange Commission, Bureau of Labor Relations, Housing and Land Use Regulatory Board, Insurance Commission, and the Cooperative Development Authority;
- c. The list of officers, directors, trustees and members;
- d. Duly audited financial statements for the past three (3) years showing the assets and liabilities of the organization;
- e. Full disclosure of the sources of funds; and f Full disclosure of service contracts with other NGAs, CSOs, private corporations, other CSOs, and other engagements, which may result in conflict of interest.

Upon approval of the application, the head of the concerned NGA or GOCC shall issue the certificate of accreditation. This shall be valid for three (3) years following its Issuance except for the certificate of accreditation issued by the Senate and the House of Representatives, which shall be valid for the entire term of the Congress under which such certificate of accreditation was issued. No application for accreditation shall be disapproved, except upon due notice and hearing. The decision of the head of the concerned NGA or GOCC shall be rendered within twenty (20) working days from the time of the filing of the application. Failure to act on the application shall be deemed an automatic approval of the application for accreditation of the concerned CSO and the issuance of a certificate of accreditation shall necessarily ensue.

SECTION 6. CSO Participation. In the interest of transparency, CSO participation shall be a component in the preparation and authorization of the annual national budget. All NGAs and GOCCs shall be required to formulate and adopt guidelines outlining the mechanism for the accreditation and active participation of the CSOs in the preparation and authorization of the annual national budget. The DBM shall ensure that the NGA or GOCC has complied with the above mentioned requirement.

Accredited CSOs, through their duly authorized representatives, shall be allowed to participate as resource persons in the budget hearings to be conducted by the appropriate Committees of each House of Congress, provided that they comply with the guidelines to be issued by both Houses of Congress. Notwithstanding their participation in the budget hearings to be conducted by the appropriate Committees of each House of Congress as provided in the preceding paragraph, the Committee on Appropriations of the House of Representatives and the

Committee on Finance of the Senate shall schedule one hearing day for the presentation of the positions of accredited CSOs on the budget.

SECTION 7. *Privileges and incentives.* An accredited CSO shall enjoy the following privileges and incentives:

a) To have similar participation rights accorded to NGOs in the Local Development Councils pursuant to the provisions of RA No. 7160 otherwise known as the "Local Government Code of 1991" in setting the direction of economic, social and other coordinating development efforts in the national level;

b) To receive notices and participate as resource person through its duly authorized representatives in any regular and consultative public meetings, hearings, conferences, and dialogues on matters related to the preparation and authorization of the annual national budget;

c) To be allowed to observe at the budget deliberations and at the bicameral conference;

d) To have access to copies of the budget proposals submitted by the NGAs or GOCCs to the DBM;

e) To provide position papers to the DBM on the budget proposal of NGAs or GOCCs submitted pursuant to the budget call;

(f).To submit its own alternative or proposed budget or position paper;

g) To have access to issuances such as, but not limited to policy orders, 30 circulars and memoranda that are related to the budget;

h) To have access to the documents prepared by the DBM for submission to Congress by the President as a basis for the General Appropriations Bill required under Article VII, Section 22 of the Constitution;

(i) To present written proposals on projects and activities of the government entities whose budget is under deliberation; and.

j) To have immediate access to stenographic notes and committee reports released by both Houses including the bicameral conference committee report. The bicameral conference committee meetings and all other meetings related or associated thereto shall be recorded and be made accessible immediately to promote transparency and to allow members of both Houses to easily determine how conflicting provisions in the proposed national budget were reconciled or resolved prior to the submission thereof for ratification by both Houses of Congress.

SECTION. 8. *Notice to CSOs.* - Notice to CSOs may be sent through 10 electronic mail, facsimile machine, postal mail, and by posting at the website of the NGA or GOCC concerned.

Any of the said modes of sending notices shall be deemed compliance to the requirements under Section 7(a) of this Act.

SECTION. 9. *Conflict of Interest.* It is the responsibility of the CSO to inform the NGA or GOCC of a conflict of interest in their work with the concerned agency, if and when such situation arises. However, if the NGA or GOCC deems that the CSO has a conflict of interest with the work of such NGA or GOCC. The latter shall give the applicant-CSO an opportunity to explain and prove that the conflict of interest does not exist,

SECTION. 10. *Cancellation of Accreditation.* Upon receipt of a verified complaint in writing, which charges the holder of a certificate of accreditation of having procured their certificate of accreditation by fraud or deceit, the Head of the NGA or GOCC shall notify and serve a copy of the complaint to the CSO concerned, who shall be given an opportunity to be heard. Inaction by the NGA or GOCC on the said complaint within twenty (20) working days from the receipt of such complaint shall be deemed a dismissal of the complaint against the CSO involved.

SECTION 11. *Non-Accredited CSOs.* - Non-accredited CSOs may still participate in the budget process by submitting position papers for the consideration of the NGA or GOCC and by attending and observing public consultations. They may be invited to expound on their critique or proposals when said institutions deem it fit. Nothing in this Act shall be construed to deprive non-accredited CSOs the rights, privileges and incentives accorded to them by the Constitution, existing laws, executive orders, rules and regulations and other issuances.

SECTION 12. *Public and Timely Disclosure of Budget Documents- and Other Related Data.* In order for CSOs to participate in an informed manner, the NGA or GOCC shall post on their websites or other public posting areas, budget documents to which CSOs shall have access, as provided for under Section 7 of this Act.

SECTION 13. *Separability Clause.* - If any provision of this Act shall be declared invalid or unconstitutional, the remaining part or provisions not otherwise affected shall remain in force.

SECTION 14. *Repealing Clause.* Any law, decree, ordinance, administrative circulars not consistent with any provision of this Act is hereby amended, repealed or modified accordingly.

SECTION 15. *Effectivity Clause.* 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,