

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

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. **1383**

HOUSE OF REPRESENTATIVES

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Introduced by Congressman Alfredo D. Vargas III

EXPLANATORY NOTE

Participatory budgeting can be broadly defined as the participation of citizens in the decision-making process of budget allocation and in the monitoring of public spending. Under this process, the citizens, civil society groups, and the local government units work together to identify the urgent needs of the community, develop strategies, and identify projects that they believe will be beneficial for their own communities.

The Philippine government initiated the practice of Bottom-up Budgeting (BUB) in 2012 as part of its thrust to achieve sustained and inclusive growth while promoting good governance at the local level. According to the Philippine Institute for Development Studies, 609 municipalities and cities participated in the BUB process for the 2013 national budget discussion. For the Fiscal Year of 2014, the exercise was expanded to cover 1,233 municipalities and cities. For FY 2015, BUB was extended to all municipalities and cities across the country, making the Philippines the first in the world to implement the participatory budgeting process on a national scale.

This bill seeks to institutionalize citizens' participation in the budget process. Under this proposal, civil society organizations are given a more active role in the formulation, monitoring and evaluation of the national and local budgets. It shall institutionalize the participatory budget process in the identification and planning of programs and projects that will be funded by the General Appropriations Act.

To safeguard the democratic process in budget allocation and to guarantee the continuous growth of our nation, it is important that the reforms and best practices that the government has adopted and successfully implemented be strengthened. Thus, the immediate passage of this bill is earnestly sought.


ALFREDO D. VARGAS III

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. 1383

Introduced by Congressman Alfredo D. Vargas III

AN ACT
INSTITUTIONALIZING CITIZENS PARTICIPATION IN THE BUDGET PROCESS

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 the “People’s Participation in the Budget Deliberation Act.”

SECTION 2. *Declaration of Policy.* - It is hereby declared the policy of the State to recognize the role of independent civil society organizations (CSOs) as effective participants in all levels of social, political, and economic decision-making. The State respects their right to pursue and protect “within the democratic framework, their legitimate and collective interests and aspirations through peaceful and lawful means,” as provided in Article XIII of the 1987 Constitution. For this purpose, the State shall guarantee the participation of CSOs in the formulation, monitoring and evaluation of the national and local budgets to ensure that the annual appropriations will be instruments of development and reflective of national and local objectives, strategies and plans; and shall institutionalize the participatory budget process in the identification and planning of programs and projects that will be funded by the General Appropriations Act (GAA).

SECTION 3. *Definition of Terms.* – For purposes of this Act:

- (a) *Accreditation* refers to the process by which the Senate or the House of Representatives, national government agencies (NGAs), and local sanggunians shall recognize, register and allow the CSOs to participate in the budget deliberation. The accreditation of people’s organizations (POs) and non-government organizations (NGOs) shall not confer juridical personality on the organizations.
- (b) *Civil society assembly* refers to an inclusive meeting of all CSOs, POs, and community/grassroots organizations, facilitated by the Regional Poverty

Reduction Action Team (RPRAT), to gather, analyze and share results of poverty situation and other local poverty data in their locality, identify strategies to address poverty and present them to the Local Poverty Reduction Action Team (LPRAT). The assembly shall also include an orientation on the effects of the implementation of the participatory budget process and the role of the CSOs.

- (c) *Civil society organization (CSO)* refers to any organized citizens' group including PO and NGOs such as community groups, labor unions, indigenous groups, charitable organizations, faith-based organizations, professional associations and foundations.
- (d) *Government entity* refers to any government agency or instrumentality, including local government units (LGUs), with which the POs and NGOs have legitimate concerns.
- (e) *Local Poverty Reduction Action Plan (LPRAP)* refers to the LGUs plan which contains programs and projects collectively drawn through a participatory process by the LGUs with CSOs and other stakeholders, and which will directly address the needs of poor constituencies and the marginalized sectors in the city or municipality.
- (f) *Local Poverty Reduction Action Team (LPRAT)* refers to the group that will spearhead the formulation of the LPRAP. They shall also monitor the implementation of the said plan.
- (g) *Nongovernment Organization (NGO)* refers to an independent private and non-profit organization formed primarily for social and economic development with none of its officers or members occupying elective government positions.
- (h) *Participation mechanism* refers to the means by which CSOs could participate effectively and meaningfully in the government process of deliberating an annual budget to ensure that it is responsive to the needs of different sectors in the community.
- (i) *People's organization (PO)* refers to a *bona fide* cooperative or association of citizens organized for purposes not contrary to law with demonstrated capacity to promote the public interest and with identifiable leadership, membership, and structure with none of its officers and members occupying elective government positions.

- (j) *Regional Poverty Reduction Action Team (RPRAT)* refers to the group that will provide support and guidance to the LGUs throughout the participatory budget process. They will also review, validate and consolidate the LPRAPs before they are transmitted to the concerned national line agencies.

SECTION 4. *Coverage.* – All CSOs may be allowed to participate and play a significant role in the national as well as local annual budget deliberations: *Provided,* That they undergo the mandatory accreditation process and comply with the implementing rules and regulations (IRR) issued by Congress, concerned NGAs, or local sanggunians, pursuant to Section 5 of this Act.

Both Houses of Congress shall, through the Senate President and the House Speaker, allow the active participation of accredited CSOs in the deliberation of the annual national budget by inviting their duly authorized representatives as resource persons, subject to such internal rules and regulations as the Senate and the House of Representatives or its concerned committee may provide.

All NGAs are required to conduct public consultations among their stakeholders, including concerned CSOs, on their agency's proposed budgets before these are submitted to the Department of Budget and Management (DBM).

The Local Chief Executives (LCEs) and/or the Local Finance Committees shall hold consultations on the proposed budgets of the LGUs with their constituents prior to submission to the local sanggunian. The CSOs are allowed to participate in the Local Development Councils' formulation of the Annual Investment Plan (AIP): *Provided,* That such participation is subject to the limitations provided by law, ordinances, rules and regulations.

The local sanggunian shall also invite the active participation of the accredited CSOs during public hearings for the annual budget and other appropriation ordinances.

SECTION 5. *Application for Accreditation.* – Within thirty (30) days upon the approval of this Act, and after the election of a new Congress or a local sanggunian, the respective secretaries of the legislative bodies shall send notices to CSOs, informing them that they may apply for accreditation to enable them to participate in the annual budget deliberations.

The application for accreditation shall be filed with the Office of the Secretary of the Senate, the Secretary General of the House of Representatives, the Secretary of the NGA concerned and the Secretary to the local sanggunian in the form prescribed by such offices for the purpose, with the following documents as attachment:

- (a) Articles of incorporation and bylaws of the applicant CSOs;
- (b) Certificate of Registration with the Securities and Exchange Commission (SEC) or other government accrediting agencies;

(c) Affidavit describing the organization, its work and operations showing:

- (1) The character of the organization;
- (2) The purpose for which it is organized;
- (3) The list of activities or projects for the past two (2) years; and
- (4) List of officers, directors, trustees and members.

(d) Certificate of Good Record from the proper authority or concerned office;

(e) Duly audited financial statements for the past two (2) years showing the assets and liabilities of the organization; and

(f) Board Resolution or any other form of legal evidence to prove that the respective organization has the desire and is mandated by its representation to apply.

SECTION 6. *Action on Accreditation.* – All application for accreditation shall be acted within a period of ten (10) working days. Upon approval of the application by the Secretary of the Senate, the Secretary General of the House of Representatives, the Secretary of concerned NGA, or the Secretary to the Local Sanggunian, a certificate of accreditation shall be issued to the organization which shall be valid for three (3) years upon approval. In case of disapproval, a notice shall be sent to the CSO concerned. The notice shall include the date of hearing to allow the CSO to appeal the disapproval. The final decision shall be rendered within ten (10) days after the issuance of the said notice.

SECTION 7. *Guidelines in Choosing the Representatives for Accredited CSOs.* – Accredited CSOs shall submit the name of their representative in the budget exercise who shall serve at the pleasure of the accredited organizations. Nominated representatives of accredited CSOs should be *bona fide* members of the organizations they represent.

Nominated/elected representatives of the accredited CSOs shall be allowed to participate during budget deliberations in the national and the local levels of government and shall be chosen based on their prior engagement in budget deliberation or other related experiences.

SECTION 8. *Cancellation of Accreditation.* – Upon verified complaint in writing charging the holder of a certificate of accreditation of having procured the certificate of accreditation by fraud or deceit or through error, the Secretary of the Senate, the Secretary General of the House of Representatives, the Secretary of concerned NGA, and the Secretary to the Local Sanggunian shall have the power to cancel the certificate of accreditation: *Provided*, That no accreditation shall be cancelled without due notice and hearing by the proper authority. Inaction on the verified complaint by the proper authority within fifteen (15) days shall be construed in favor of the CSOs involved.

SECTION 9. *Rights and Entitlements.* – An accredited CSO shall enjoy the following rights and entitlements:

- (a) Receive notices of the hearings and consultations and/or calls for written submissions from the Senate, the House of Representatives, concerned NGAs and the local sanggunian to ensure their active participation in the budget deliberations;
- (b) Participate through its duly authorized representative in any regular and consultative public meetings, hearings, conferences, dialogues or debates relating to the government's annual budget, whether sponsored by either House of Congress, national agencies, or other LGUs.

Accredited organizations must inform the Secretariat of the Committee on Appropriations of the House of Representatives or the Finance Committee of the Senate of their intent to participate in the budget hearings of a specific agency.

- (c) Submit its own alternative or proposed budget and alternative sources of financing of the department or agency with which the sector or organization it represents is concerned;
- (d) Gain access to copies of the bills or budget proposals filed in both Houses or LGUs concerned and all information and submissions relative thereto;
- (e) Present position papers or written proposals on projects and programs of the government entities whose budgets are under deliberation;
- (f) Gain access to and make copies of the data coming from both Houses and concerned NGAs and LGUs; and
- (g) Serve as resource persons during budget oversight.

Nothing in this Act shall be construed to deprive CSOs of their rights, privileges and incentives as provided by law.

SECTION 10. *Suspension of Entitlements of CSOs.* – CSOs whose accreditation have been suspended shall not be allowed to engage or participate in the national and local annual budget deliberations in any manner, whether directly or indirectly.

SECTION 11. *Non-Accredited CSOs.* – CSOs that are unable to get accreditation may still participate in the process by submitting position papers for the consideration of Congress, NGAs and the local sanggunian, and by attending and observing public consultations. They may also be invited to expound on their proposals.

SECTION 12. *Public and Timely Disclosure of Budget Proposals.* – In order for citizens to participate in an informed manner, Congress, concerned NGAs, and LGUs

shall post on the web, and/or other public posting areas, or otherwise make available proposed budget documents as well as actual expenditures made in the past year. The Department of Budget and Management (DBM) and LGUs shall post all the developments in the budget process following the budget calendar. In time with the budget calendar, the DBM shall immediately post the budget call, budget message, national expenditure program, budget of expenditures and sources of financing, details of programs and projects, and staffing summary on the annual budget of the national government in the first week of September each year. Concerned government agencies shall be required to post their budget presentations to Congress a week before the start of the budget hearings at the Committee on Appropriations.

SECTION 13. *Enhancing Budget Planning Mechanism for the LGUs.* – For the purpose of institutionalizing a mechanism that will allow LGUs and CSOs to collaborate with line agencies to determine key programs and projects necessary for the growth and development of their area of jurisdiction, the following Teams shall convene one (1) year after the effectivity of this Act:

(a) A Local Poverty Reduction Action Team shall be composed of the following as members:

- (1) City/Municipal Mayor as *ex officio* chairperson;
- (2) A CSO representative as co-chairperson;
- (3) The sangguniang panlungsod/bayan member who is the chairperson of the Committee on Appropriations, as *ex officio member*;
- (4) All department heads of LGUs such as the planning officer, budget officer, agriculture officer, social welfare and development officer, and health officer, as members;
- (5) Representatives of national government agencies such as: DSWD's City/Municipal Social Welfare Development Officer; DOLE's Public Employment Service Officer (PESO) manager; DILG's City/Municipal Local Government Operations Officer; School District Supervisor; and DAR's Agrarian Reform Officer, as members;
- (6) A community leader, who is a resident of the city or municipality and a member of any of the following CSOs: DOH's organized community health teams; parent-teacher association (PTA); CSOs accredited by any national government agency; women's groups; basic sector organizations; and other community or grassroots organizations; and
- (7) A representative from the business sector.

All representatives referred to in Section 13(6) and (7) shall come from duly accredited CSOs. The accreditation requirements and processes shall be provided for in the IRR.

In the event that the sectors indicated are not organized, the LGU, in coordination with CSOs and concerned NGAs, shall initiate and support the organization of the basic sectors identified. The sectors will undergo the same accreditation process as the CSOs for the inclusion in the LPRAT. The co-chairperson shall be elected from and by the members enumerated under Section 13 (6) and (7).

The LPRAT shall be composed of an equal number of representatives from both government and non-government organizations.

The LPRAT shall exercise the following functions and powers:

- (i) Identify priority poverty reduction projects through a consensus among its members. In the absence of a consensus, the decision shall be made through a majority vote;
 - (ii) Develop and formulate the LPRAP based on the identified priority poverty reduction projects from a list issued by the DBM and following the process and guidelines to be provided in the IRR;
 - (iii) Conduct public consultations, when necessary, to ensure that the projects to be embodied in the LPRAP reflect an actual need in the community;
 - (iv) Submit the LPRAP to the RPRAT for validation; and
 - (v) Participate in the budget deliberation process of the Local Development Councils (LDCs).
- (b) A Regional Poverty Reduction Action Team which shall be composed of the following members:
- (1) Department of the Interior and Local Government (DILG) Regional Director as chairperson;
 - (2) DBM Regional Director as co-chairperson;
 - (3) Regional Directors of the following department and agencies as members: Agriculture; Agrarian Reform; Environment and Natural Resources; Health; Education; Labor and Employment; Social Welfare and Development; Trade and Industry; Tourism; National Economic and Development Authority; and Technical Education and Skill Development Authority;
 - (4) A representative from the Department of Energy and the National Electrification Administration, as members; and

(5) Representatives of Provincial CSOs, as members.

The RPRAT shall exercise the following powers and functions:

- (i) Convene and conduct civil society general assemblies which shall include an orientation to all stakeholders regarding the rationale behind and the process involved in participatory budgeting, and the role of CSOs in LDC and local special bodies;
- (ii) Provide support and facilitate the selection of CSO representatives to the LPRAT. The RPRAT should ensure that the process of selection remains an independent action of the CSO. It is prohibited from influencing and interfering, in any way, in the selection of the CSO representatives;
- (iii) Provide technical assistance to the LPRAT as the latter develops and formulates their LPRAPs; and
- (iv) Transmit and endorse the validated LPRAPs to the concerned national agencies for review and inclusion on their respective budgets.

SECTION 14. *Monitoring and Evaluation System.* – The offices of the Senate Secretary, House Secretary General, concerned Department Secretary, and the Secretary to the Local Sanggunian shall be tasked with the establishment of an effective monitoring and evaluation system for civil society accreditation and participation mechanisms.

An assessment tool mechanism for civil society participation shall be constituted and afforded for the adequate, timely and relevant feedback mechanism on the progress and status of budget implementation.

SECTION 15. *Penalties.* – Any person who shall willfully restrain or prevent a representative of a CSO from exercising rights granted under this Act, or violate any of the provisions hereof, shall suffer a penalty of suspension of one (1) month to three (3) months, or a fine of not less than thirty thousand pesos (P30,000.00) but not more the fifty thousand pesos (P50,000.00) or both at the discretion of the court.

SECTION 16. *Implementing Rules and Regulations.* – The DBM, in consultation with the Senate, the House of Representatives, the DILG, CSOs and other concerned agencies, shall issue the IRR within ninety (90) days after the approval of this Act.

SECTION 17. *Separability Clause.* – If any provision of this Act is declared unconstitutional, the same shall not affect the validity and effectivity of the other provisions hereof.

SECTION 18. *Repealing Clause.* – All laws, decrees, orders, and issuances, or portions thereof, which are inconsistent with the provisions of this Act, are hereby repealed or modified accordingly.

SECTION 19. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in any national newspaper of general circulation.

Approved,

Republic of the Philippines
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