

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1598



INTRODUCED BY REP. TEDDY BRAWNER BAGUILAT

EXPLANATORY NOTE

The participation of Non-governmental Organizations (NGOs) and People's Organizations (POs) is vital and essential to nation building. No less than the Philippine Constitution recognizes this, as Article II Section 23 thereof provides that "the State shall encourage non-governmental, community-based or sectoral organizations that promote the welfare of the nation." As such, Local Government Units (LGUs), National Government Agencies (NGAs) and Government Owned or Controlled Corporations (GOCCs), extend financial assistance to NGOs and POs to implement the latters' projects and assist in the their developmental efforts. The funds received by NGOs and POs, however, remain to be and do not lose their character as public funds. Hence, it is but imperative that the disbursement, utilization and management of such funds be vigilantly safeguarded against corrupt and unscrupulous practices.

The primary step in safeguarding these funds is through the proper and meticulous identification of recipient NGOs and POs. A centralized accrediting agency implementing a stringent selection procedure should be established to ensure that government funds are channeled only to legitimate NGOs and POs working for the public good. A system of accountability should also be put in place to determine responsibility over the proper utilization of funds and the successful implementation of the projects. Finally, transparency in the disbursement, utilization and management of the said funds ought to be guaranteed through the timely and regular posting of relevant financial documents.

The Department of Social Welfare and Development ("DSWD") is mandated by Executive Order No. 292 or the Administrative Code of 1987 to "accredit institutions and organizations engaged in social welfare activities and provide consultative and information services to them" and to "promote, support and coordinate the establishment, expansion and maintenance of non-government social welfare facilities, projects and services". Among its powers and functions, as set forth in Executive Order No. 221 series of 2003, is to "set standards, accredit and provide consultative services to public and private institutions, organizations and persons engaged in social welfare activities, and monitor, performance and compliance to standards by institutions, organization and persons engaged in social welfare activities, both in public and private." These, together with DSWD's extensive experience and competency in coordinating and engaging with NGOs and POs make it the proper NGA to be

given the specific mandate of accrediting NGOs and POs wishing to avail of financial assistance from the government.

Immediate approval of this measure is earnestly requested.

A handwritten signature in black ink, consisting of a large, stylized 'B' with a horizontal line crossing it, and a long, sweeping underline that extends to the right.

TEDDY BRAWNER BAGUILAT
Representative, Lone District of Ifugao

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AN ACT

PROVIDING FOR THE ACCREDITATION OF NON-GOVERNMENT ORGANIZATIONS AND PEOPLE'S ORGANIZATIONS ELIGIBLE TO ACCESS GOVERNMENT FUNDS AND FOR THE SYSTEM OF ACCOUNTABILITY AND TRANSPARENCY FOR THE USE OF THESE FUNDS

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

1 **SECTION 1. Short Title.** - This Act shall be known as the "NGO Accreditation for
2 Government Fund Releases Act."

3
4 **SECTION 2. Declaration of Policy.** -It is hereby declared a State policy to encourage
5 independent non-government and people's organizations to involve themselves in undertakings
6 which promote the interest and welfare of the nation. As facilitators of the people's interests at
7 the grassroots level, these organizations may implement programs and projects using public
8 funds. Use of such funds shall, at all times, be governed by the principles of effectiveness,
9 efficiency, economy, transparency, ethics, and shall not be prejudicial to the public service. It is
10 also the policy of the State to vigilantly guard against organizations siphoning public funds for
11 private ends to the detriment of the public good and of public service.
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13 **SECTION 3. Coverage.** - This Act shall cover all non-government organizations (NGOs)
14 and people's organizations (POs) that seek to implement programs and projects using public
15 funds from any department, agency, and instrumentality of the national government and local
16 government units, including government-owned and controlled corporations, and their
17 subsidiaries, either through competitive bidding or through direct releases to beneficiaries
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19 **SECTION 4. Definition of Terms.** - As used in this Act:

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21 (a) **Accreditation** refers to the in-depth assessment of the capability and
22 capacity of a non-government organization or a people's organization to
23 undertake projects in connection with the regular programs of government
24 involving the provision of goods and services to the public and to determine
25 whether government funds may be entrusted to them to successfully accomplish

the particular purpose for which the funds are to be released in a timely, cost-efficient and transparent manner;

- (b) **Beneficiary** refers to the community or any of its sectors, which is the intended recipient of the results of the developmental efforts of the Non-Government Organization or People's Organization which may include the non-government organizations and people's organizations themselves or their members;
- (c) **Funds** refer to the government funds from any national government agency, local government unit, government-owned or controlled corporation and their subsidiaries, or any other instrumentality, official or agent of the government;
- (d) **Fund Utilization Report (FUR)** refers to a document showing the summary of how funds entrusted to a Non-Government Organization or People's Organization was utilized for a given period of time;
- (e) **Government Organization (GO)** refers to departments, agencies, and instrumentalities of the national government and local government units, including government-owned and controlled corporations and their subsidiaries;
- (f) **Implementer** refers to non-government organizations and people's organizations which are entrusted with government funds to implement a particular program or project for the social good;
- (g) **Non-government organization (NGO)** refers to a non-profit, voluntary organization and foundation committed to the task of socio-economic development and established primarily for public service; and
- (h) **People's organization (PO)** refers to a *bona fide* association of citizens with demonstrated capacity to promote the public interest and with identifiable leadership, membership and structure. This independent community and/or class-based association is established to protect and advance the interest of specific causes or sectors of society.

SECTION 5. Accreditation. - No NGO/PO shall be eligible to implement publicly-funded programs and projects without being accredited pursuant to this Act.

An NGO/ PO seeking eligibility to implement publicly-funded programs and projects shall apply for accreditation with the Department of Social Welfare and Development (DSWD), based on the criteria set forth in the immediately succeeding provision: *Provided*, That the government office where an NGO/PO seeks to obtain funds may impose additional requirements for accreditation based on specific circumstances or special needs of the program and project.

An NGO/PO seeking accreditation shall pay the DSWD a fee to defray the costs incurred in the accreditation and validation processes. The accreditation given to any NGO/PO shall be valid for at least one (1) year, and may, after review and assessment of the DSWD, be renewed yearly thereafter.

SECTION 6. Criteria for Accreditation. – An applicant NGO and PO shall be required to satisfactorily prove and provide evidence on the following:

- (a) Years of Existence- The applicant NGO/PO must have been in existence and operational for at least three (3) years prior to its application for accreditation. A Certificate of registrations with the Securities and Exchange Commission (SEC) and/or the concerned regulatory agencies, depending on the nature of the service required to be rendered, shall be necessary to prove years of existence. Photographs, receipts, employment contracts, proofs of billing, certificate of acceptance under oath by the chief executive officer of the applicant NGO/PO and other documentary evidence may be used to prove active operations;
- (b) Legal Personalities- The incorporators, organizers, officers, personnel and members of the applicant NGO/PO are natural persons. Necessary documents to be submitted as proof are the authenticated copy of its latest Articles of Incorporation or the Articles of Cooperation as the case may be, Secretary's Certificate for incumbent officers, together with the Certificate of Filing with the SEC or a Certificate of Approval by the Cooperative Development Authority (CDA), two (2) government issued identification cards with photograph of each of the named incorporators, organizers, officers, personnel and members, employment contracts of all personnel and a Secretary's Certificate on the persons who are the incorporators, organizers, officers, personnel or members;
- (c) Fund Sources and Financial Condition - It is in a stable financial condition and that government releases shall not be its sole source of funds. Financial Reports, audited by an Independent Certified Public Accountant, for the past two (2) years preceding the application for accreditation, shall be necessary to show its financial condition;
- (d) Place of Business -It has an operational office in its registered place of business. Documents to submit include Mayor's or Business Permit, Barangay Clearance, and photograph of the office or place of business;
- (e) Successful Track Record- It has a successful track record of providing assistance to its members and/or beneficiaries. A sworn statement by its President detailing its accomplishments, projects and programs undertaken and list of actual beneficiaries with their contract details shall be necessary for this purpose. Photographs and other documents that could support the claims made therein shall accompany the sworn statement. If it has previously been entrusted with government releases, a sworn statement detailing the status of the project or program that availed of Government Funds shall also be mandatory;
- (f) Compliance to all Reportorial Requirements- It is in compliance with all reportorial requirements of relevant regulating agencies. Necessary documents shall include SEC annual submission of General Information Sheet and Audited Financial Statements, among others;
- (g) Non-existence of a Conflict of Interest and Nepotism- There is no real or apparent conflict of interest with it being entrusted with government releases. Necessary documents for this purpose are Disclosure Statements signed by each of its incorporators, organizers, officers and personnel enumerating their relatives by consanguinity and affinity up to the fourth civil degree who are officials or employees of Government Organizations, and a sworn statement signed by President disclosing the organization's related businesses, if any, and the extent of ownership therein; and

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129 (h) Legitimacy and Commitment to Public Service- It is a legitimate Non-Government
130 Organization or People's Organization committed to public service and working for
131 the public good. Documentary evidence to show this may include membership in
132 good standing of coalitions, accreditations given by its peers and/or other
133 Government Organizations, public acceptance, accreditation and/or recognition by
134 international bodies, among others.
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136 **SECTION 7. Validation by a Multi-Partite Body.** – Within thirty (30) days of
137 accreditation, the NGOs/ POs shall be subjected to validation by a Multi-Partite Body composed
138 of representatives from the Department of Budget and Management (DBM), the Commission on
139 Audit (COA), and the Philippine Council for NGO certification (PCNC). The validation process
140 shall ensure the legitimacy and capacity of the NGO/PO that seeks to implement programs and
141 projects using public funds through a combination of documentary, physical, and field reviews,
142 including interviews with previous and current clienteles, and peer feedback. The procedures for
143 this system shall be outlined in the implementing rules and regulations of this Act.
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145 The Multi-Partite Body shall certify, under oath, to the authenticity and capacity of the
146 NGO/PO to implement programs and projects using public funds.
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148 **SECTION 8. Central Accrediting and Repository Agency** – The DSWD is hereby
149 mandated to act as the Central Accrediting Agency for NGOs/POs and as Repository Agency of
150 all the database for accredited NGOs/POs seeking to be entrusted with government funds from
151 any government organization.
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153 **SECTION 9. Projects Eligible for Government Releases.** – The types of programs
154 and projects that may be subject of government releases shall be strictly limited to those that
155 are beyond the capability of the government organization to undertake which include, but not
156 limited to, any undertaking that involves construction, maintenance, operations and
157 management of infrastructure projects and livelihood programs and projects. In that case, a
158 memorandum of agreement (MOA) shall be executed between the department/ agency involved
159 and the NGO/PO to clearly define the undertaking/ sharing of activities.
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161 **SECTION 10. Eligibility of NGOs/POs in the Procurement.**– After accreditation and
162 validation, the NGO/PO shall be eligible to participate in the procurement of goods and services
163 as contractor as stipulated under Republic Act No. 9184 or the "Government Procurement
164 Reform Act," Provided, That NGOs/POs may submit unsolicited proposals, which may be
165 accepted by any government agency or local government unit on a negotiated basis, after
166 meeting the following conditions: a) the programs and projects involve a new concept of
167 technology and b) the programs and projects are beyond the capacity of the government to
168 implement: *Provided further*, That in the event another NGO/PO submits a proposal with lower
169 price, the original proponent shall have the right to match that price within thirty (30) working
170 days.
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172 To enhance the transparency of the process, the Bids and Awards Committee (BAC)
173 shall, in all stages of the procurement process, invite, in addition to the representatives of COA,
174 some observers to sit in its proceedings.
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176 **SECTION 11. Anti-Nepotism.** – Any NGO/PO, which has an incorporator, organizer,
177 officer or personnel related within the fourth degree of consanguinity or affinity to any
178 government official whose approval, whether discretionary or ministerial, is necessary in

effecting the fund release from any government organization, shall be ineligible to participate in publicly-funded programs and projects.

SECTION 12. – Public Disclosure.– All programs and projects implemented by NGOs /POs using public funds, including the status of implementation thereof, and a fund status report summarizing all funds received by the NGO/PO per program or project with the corresponding expenses incurred, and fund balances, shall be posted in the websites of the government organization, NGO/PO, and the Philippine Government Electronic Procurement System (PhilGEPS).

These information shall also be posted in three (3) conspicuous public places for one (1) month, such as on public information boards of the government organization, public markets, and other points of human convergence.

SECTION 13. Submission and Posting of Fund Utilization Report.– One (1) month after the actual disbursement of government funds and every month thereafter until the completion of the program or project, the non-government organization or people's organization shall submit to the releasing government organization and the Department of Social Welfare and Development a Fund Utilization Report (FUR). The FUR shall be posted physically in the public information boards and in the websites of the concerned government organization as well as of the non-government organization or people's organization, if available.

The concerned NGO/PO shall also submit to the accrediting office, a declaration that government funds had been actually disbursed to it by the concerned government organization, within 15 days from disbursement, for purposes of monitoring the pending projects.

SECTION 14. Monitoring and Evaluation. – The respective government agencies shall, in coordination with the NGO/PO representatives, monitor the proper usage of government funds entrusted to the organizations, the proper implementation of the subject programs and projects, the proper distribution to intended beneficiaries, and compliance with time schedules for the completion of programs and projects.

The government organization shall validate the reports through on-site assessment and field interviews. The result of monitoring shall be used to evaluate the problems and issues and to provide the framework of intervention by the government organization.

SECTION 15. Penalties. –Any NGO/PO that fails to complete the program and project or fails to liquidate the funds upon demand by the government organization, shall suffer a penalty ranging from suspension of accreditation, revocation of accreditation or disqualification from obtaining programs and projects from any government organization, without prejudice to further civil or criminal liabilities.

Any government organization that releases public funds to unaccredited NGOs/POs shall be liable to administrative, civil or criminal liabilities under relevant laws.

SECTION 16. Implementing Rules and Regulations. – The DSWD, DBM, COA and NGOs/POs shall formulate the Rules and Regulations implementing the provisions of this Act within thirty (30) days from the effectivity hereof.

SECTION 17. Separability Clause. – If any section or part of this Act is held unconstitutional or invalid, the other sections or provisions shall remain in full force and effect.

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SECTION 18. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations, issuances or any part thereof, insofar as they are inconsistent with the provisions of this Act, are deemed repealed.

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