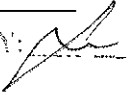


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SENATE

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COMMITTEE REPORT NO. 46

Submitted Jointly by the Committees on Finance and Constitutional Amendments, Revision of Codes and Laws on MAY 31 2011.

Re: Senate Bill No. 2857 (Prepared by the Committees)

Recommending its approval in substitution of S. B. No. 2186

Sponsor: Senator Franklin M. Drilon

**Mr. President:**

The Committees on Finance and Constitutional Amendments, Revision of Codes and Laws to which were primarily and secondarily referred Senate Bill No. 2186, introduced by Senator Teofisto "TG" Guingona III, entitled:


**"AN ACT  
INSTITUTIONALIZING THE PARTICIPATION OF BONA FIDE  
PEOPLE'S ORGANIZATION (POs) AND NON-GOVERNMENT  
ORGANIZATIONS (NGOs) IN THE DELIBERATION OF THE ANNUAL  
BUDGET IN CONGRESS AND LOCAL GOVERNMENT UNITS (LGUs),  
PROVIDING EFFECTIVE MECHANISMS THEREFOR, AND FOR  
OTHER PURPOSES"**


have considered the same and have the honor to report them back to the Senate with the recommendation that the attached bill, S.B. No. 2857, prepared by the Committees, entitled:

**"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 approved in substitution of S. B. No. 2186, with Senators Guingona III and Drilon as authors thereof.

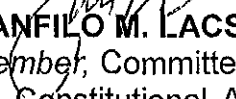
RESPECTFULLY SUBMITTED

  
**MIRIAM DEFENSOR SANTIAGO**  
*Chairperson, Committee on Constitutional Amendments, Revision of Codes and Laws*  
*Member, Committee on Finance*

  
**FRANKLIN M. DRILON**  
*Chairperson, Committee on Finance*  
*Member, Committee on Constitutional Amendments, Revision of Codes and Laws*

**EDGARDO J. ANGARA**  
*Vice Chairperson, Committee on Finance;*  
*Committee on Constitutional Amendments,*  
*Revision of Codes and Laws*

**JOKER P. ARROYO**  
*Member, Committee on Finance*

  
**PANFILO M. LACSON**  
*Member, Committee on Finance; Committee on Constitutional Amendments, Revision of Codes and Laws*

  
**TEOFISTO L. GUINGONA III**  
*Member, Committee on Finance*

  
**GREGORIO B. HONASAN II**  
*Member, Committee on Finance*

**FRANCIS G. ESCUDERO**  
*Member, Committee on Finance*


**MANUEL M. LAPID**  
*Member, Committee Finance; Committee on Constitutional Amendments, Revision of Codes and Laws*

  
**RAMON B. REVILLA JR.**  
*Member, Committee on Finance*

**MANNY VILLAR**  
*Member, Committee on Finance; Committee on Constitutional Amendments, Revision of Codes and Laws*

**LOREN B. LEGARDA**  
*Member, Committee Finance*

  
**PIA S. CAYETANO**  
*Member, Committee on Finance*

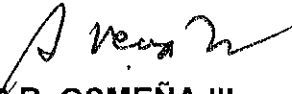
  
**FERDINAND R. MARCOS, JR.**  
*Member, Committee Finance;*  
*Committee on Constitutional Amendments, Revision of Codes and Laws*



**FRANCIS N. PANGILINAN**

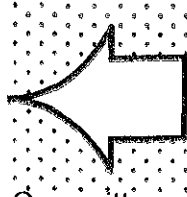
*Member, Committee Finance; Committee on Constitutional Amendments, Revision of Codes and Laws*

*with Amend*



**SERGIO R. OSMEÑA III**

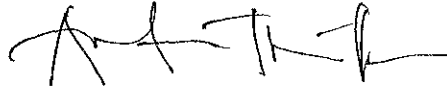
*Member, Committee on Finance*



**SIGN  
HERE**

**RAFAEL G. RECTO**

*Vice Chairperson, Committee on Finance*



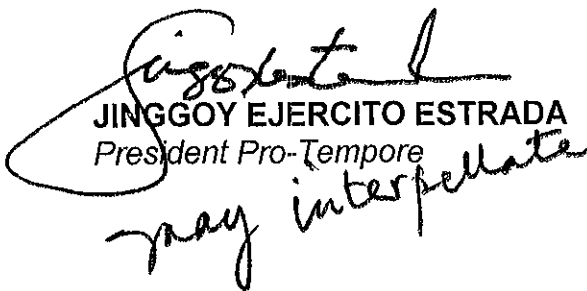
**ANTONIO F. TRILLANES IV**

*Member, Committee on Constitutional Amendments, Revision of Codes and Laws*

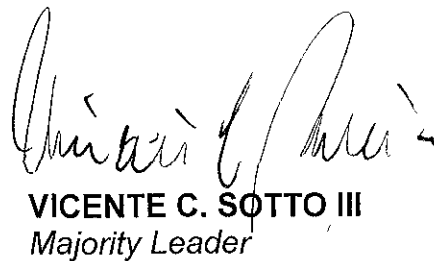
**JUAN MIGUEL F. ZUBIRI**

*Member, Committee Finance; Committee on Constitutional Amendments, Revision of Codes and Laws*

**EX-OFFICIO MEMBERS**



**JINGGOY EJERCITO ESTRADA**  
*President Pro-Tempore*  
*may interpellate*



**VICENTE C. SOTTO III**  
*Majority Leader*

**ALAN PETER "Compañero" S. CAYETANO**  
*Minority Leader*

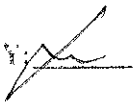
**HON. JUAN PONCE ENRILE**

*President*  
*Senate of the Philippines*

'11 MAY 31 P6:21

SENATE

S. B. No. **2857**

RECEIVED BY: 

(In substitution of Senate Bill No. 2186)

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**Prepared by the Committees on Finance and Constitutional Amendments,  
Revision of Codes and Laws with Senators Teofisto L. Guingona III and  
Franklin M. Drilon as authors thereof**

---

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 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 National Budget Process Act of 2011".

**SEC. 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.

**SEC. 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 CSOs that have fulfilled the requirements  
in Section 5 of this Act.
- 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

1 calendar for any given year. The issuance of a budget call signals the  
2 beginning of the budget preparation phase.

- 3
- 4 d) "Civil Society Organizations (CSOs)"– include non-government  
5 organizations (NGOs), cause oriented groups, people's organizations,  
6 cooperatives, trade unions, professional associations, faith-based  
7 organizations, media groups, indigenous peoples movements,  
8 foundations, and other citizen groups formed primarily for social and  
9 economic development, which monitor government projects, engage in  
10 policy discussions, and actively participate in collaborative activities  
11 with Government.
- 12
- 13 e) "Conflict of Interest" – refers to a condition which occurs when a CSO or  
14 any of its key officers are involved in multiple interests which prevents  
15 an impartial or unbiased attitude towards their participation in the  
16 national budget process.
- 17
- 18 f) "Constructive Engagement" – refers to a partnership between  
19 Government and counterpart CSOs marked by sustained dialogue  
20 towards problem solving while respecting and retaining the focus on  
21 assertion for reforms.
- 22
- 23 g) "Government-Owned or Controlled Corporation (GOCC)" – refers to  
24 any agency organized as a stock or non-stock corporation, vested with  
25 functions relating to public needs whether governmental or proprietary  
26 in nature, and owned by the Government of the Republic of the  
27 Philippines directly or through its instrumentalities either wholly, or,  
28 where applicable as in the case of stock corporations, to the extent of  
29 at least a majority of its outstanding capital stock.
- 30
- 31 h) "National Government Agency (NGA)" – refers to a unit of the National  
32 Government, including the Judiciary, both Houses of Congress, and  
33 Constitutional Offices.
- 34
- 35 i) "Participatory Mechanisms" – refer to the means by which CSOs can  
36 participate meaningfully and effectively in the government process of  
37 formulating and authorizing an annual national budget that is  
38 responsive to the needs of the different sectors in our society.

39

40 **SEC. 4. Coverage.** – This Act shall apply to NGAs and GOCCs whose  
41 budget is included in the Annual General Appropriations Act.

42

43 **SEC. 5. Accreditation.** - The application for accreditation for the Senate,  
44 the House of Representatives, the Judiciary, and the Constitutional Offices shall  
45 be filed at the Office of the Secretary, the Secretary-General, the Supreme Court  
46 Clerk of Court, and the Office of the Chairman, respectively. The application for  
47 accreditation for other NGAs and GOCCs may be filed at their respective  
48 regional or central office. The application form shall be prescribed by each office  
49 and the application for accreditation shall be accompanied by the following  
50 documents:

- 1
- 2 a. Articles of Incorporation and By-Laws of the applicant CSO;
- 3
- 4 b. Certificate of Registration and/or other such similar documents,
- 5 issued by an appropriate government agency tasked to register civil
- 6 society organizations, such as but not limited to, the Securities and
- 7 Exchange Commission, Bureau of Labor Relations, Housing and
- 8 Land Use Regulatory Board, Insurance Commission, and the
- 9 Cooperative Development Authority.
- 10
- 11 c. The list of officers, directors, trustees and members;
- 12
- 13 d. Duly audited financial statements for the past three (3) years
- 14 showing the assets and liabilities of the organization;
- 15
- 16 e. Full disclosure of the sources of funds; and,
- 17
- 18 f. Full disclosure of service contracts with other NGAs, CSO, private
- 19 corporations, other CSOs, and other engagements which may
- 20 result in conflict of interest.
- 21

22 Upon approval of the application, the head of the concerned NGA or GOCC  
23 shall issue the certificate of accreditation. This shall be valid for three (3) years  
24 following its issuance except for the certificate of accreditation issued by the  
25 Senate and the House of Representatives, which shall be valid for the entire term  
26 of the Congress under which such certificate of accreditation was issued.

27  
28 No application for accreditation shall be disapproved, except upon due  
29 notice and hearing. The decision of the head of the concerned NGA or GOCC  
30 shall be rendered within twenty (20) working days from the time of the filing of the  
31 application. Failure to act on the application shall be deemed an automatic  
32 approval of the application for accreditation of the concerned CSO, and the  
33 issuance of a certificate of accreditation shall necessarily ensue.

34  
35 **SEC. 6. CSO Participation.** – In the interest of transparency, CSO  
36 participation shall be a component in the preparation and authorization of the  
37 annual national budget. All NGAs and GOCCs shall be required to formulate and  
38 adopt guidelines outlining the mechanism for the accreditation and active  
39 participation of the CSOs in the preparation and authorization of the annual  
40 national budget.

41  
42 The DBM shall ensure that the NGA or GOCC has complied with the above  
43 mentioned requirement.

44  
45 Accredited CSOs, through their duly authorized representatives, shall be  
46 allowed to participate as resource persons in the budget hearings to be  
47 conducted by the appropriate Committees of each House of Congress, provided  
48 that they comply with the guidelines to be issued by both Houses of Congress.

1 Notwithstanding their participation in the budget hearings to be conducted  
2 by the appropriate Committees of each House of Congress as provided in the  
3 preceding paragraph, the Committee on Appropriations of the House of  
4 Representatives and the Committee on Finance of the Senate shall schedule one  
5 hearing day for the presentation of the positions of accredited CSOs on the  
6 budget.

7  
8 **Sec. 7. Privileges And Incentives.** - An accredited CSO shall enjoy the  
9 following privileges and incentives:

- 10  
11 a) To receive notices and participate as resource person through its duly  
12 authorized representatives in any regular and consultative public  
13 meetings, hearings, conferences, and dialogues on matters related to  
14 the preparation and authorization of the annual national budget;  
15  
16 b) Access to copies of the budget proposals submitted by the NGAs or  
17 GOCCs to the DBM;  
18  
19 c) To provide position papers to the DBM on the budget proposal of  
20 NGAs or GOCCs submitted pursuant to the budget call;  
21  
22 d) To submit its own alternative or proposed budget or position  
23 paper;  
24  
25 e) Access to issuances such as, but not limited to policy orders, circulars  
26 and memoranda that are related to the budget;  
27  
28 f) Access to the documents prepared by the DBM for submission to  
29 Congress by the President as a basis for the General Appropriations Bill  
30 required under Article VII, Section 22 of the Constitution;  
31  
32 g) To present written proposals on projects and activities of the  
33 government entities whose budget is under deliberation; and.  
34  
35 h) Access to committee reports released by both Houses.

36  
37 **SEC. 8. Notice to CSOs.** Notice to CSOs may be sent through electronic  
38 mail, facsimile machine, postal mail, and by posting at the website of the NGA or  
39 GOCC concerned. Any of the said modes of sending notices shall be deemed  
40 compliance to the requirements under Section 7(a) of this Act.

41  
42 **SEC. 9. Conflict of Interest.** It is the responsibility of the CSO to inform  
43 the NGA or GOCC of a conflict of interest in their work with the concerned  
44 agency, if and when such situation arises.

45  
46 However, if the NGA or GOCC deems that the CSO has a conflict of  
47 interest with the work of such NGA or GOCC, the latter shall give the applicant-  
48 CSO an opportunity to explain and prove that no conflict of interest exists.

1 In case there is a conflict of interest, the NGA or GOCC shall automatically  
2 suspend the privileges of the CSO and such shall remain in effect until the  
3 conflict of interest ceases to exist.

4  
5 **SEC. 10. Cancellation of Accreditation.** - Upon receipt of a verified  
6 complaint in writing, which charges the holder of a certificate of accreditation  
7 of having procured their certificate of accreditation by fraud or deceit, the head  
8 of the NGA or GOCC shall notify and serve a copy of the complaint to the CSO  
9 concerned, who shall be given an opportunity to be heard.

10  
11 Inaction by the NGA or GOCC on the said complaint within twenty (20)  
12 working days from the receipt of such complaint shall be deemed a dismissal of  
13 the complaint against the CSO involved.

14  
15 **SEC. 11. Non-Accredited CSOs.** – Non-accredited CSOs may still  
16 participate in the budget process by submitting position papers for the NGA's or  
17 GOCC's consideration and by attending and observing public consultations. They  
18 may be invited to expound on their critique or proposals when said institutions  
19 deem it fit. Nothing in this Act shall be construed to deprive non-accredited  
20 CSOs the rights, privileges and incentives accorded to them by the  
21 Constitution, existing laws, executive orders, rules and regulations and other  
22 issuances.

23  
24 **SEC. 12. Public and Timely Disclosure of Budget Documents and**  
25 **Other Related Data.** - In order for CSOs to participate in an informed manner,  
26 the NGA or GOCC shall post on their websites or other public posting areas,  
27 budget documents to which CSOs shall have access, as provided for under  
28 Section 7 of this Act.

29  
30 **SEC. 13. Separability Clause.** - If, for any reason, any section or provision  
31 of this Act is held unconstitutional or invalid, no other section or provision shall be  
32 affected.

33  
34 **SEC. 14. Repealing Clause.** - All laws, decrees, executive orders,  
35 rules and regulations, issuances or any part thereof inconsistent with the  
36 provisions of this Act are hereby repealed or amended accordingly.

37  
38 **SEC. 15. Effectivity.** - This Act shall take effect fifteen (15) days after its  
39 publication in at least two (2) national newspapers of general circulation.

40  
41 Approved,  
42  
43