

THIRTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
First Regular Session

04 JUN 30 P5:16

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S E N A T E

S. No. 411

Introduced by Senator S. R. Osmeña III

EXPLANATORY NOTE

The Gini-coefficient is a measure of a countries income distribution. A Gini-coefficient of 0.5 to 0.75 implies an extremely high unequal income distribution while a Gini-coefficient of 0.20 to 0.35 is indicative of a relatively equitable income distribution. Based on the 2002 National Statistical Yearbook, the said coefficient for the Philippines has ranged between, 0.4507 to 0.4872, thus, implying that income distribution is indeed a problem. Moreover, as recorded in the National Statistical Yearbook, in 1991, 28.119 million Filipinos were living in poverty and this increased to 30.850 million Filipinos in 2000.

Such figures serve to further support the growing incidence of poverty in this nation and underscore the importance of the role on non-governmental organizations in assisting government in the provision of basic social services required in the fight against poverty.

It is with this in mind that this bill is hereby proposed. This bill seeks to encourage the participation of NGOs in the development of this nation by requiring government to provide assistance to NGOs and People's Organizations. The bill further provides that any NGO or People's Organization shall be eligible for financial support (e.g. loans, grants, etc.) or any other type of assistance that it requests for as long as it meets certain criteria. These criteria include: (1) record of performance, (2) suitability of organizational structure and competence of volunteers, and (3) financial management capability.

In view hereof, the approval of this measure is highly recommended.

S. Osmeña III
SERGIO OSMEÑA III
Senator

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AN ACT
TO ENCOURAGE THE PARTICIPATION OF PEOPLE'S AND NON-
GOVERNMENTAL ORGANIZATIONS AND STRENGTHEN THEIR ROLE IN
NATIONAL DEVELOPMENT

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

1 SECTION 1. **Short Title.** – This Act shall be known as the “**PO-NGO**
2 **Empowerment Act of 2004**”

3 SEC. 2. **Declaration of Policy.** – The State recognizes the indispensable
4 role of people's and non-governmental organizations in carrying out activities that
5 promote the welfare of the majority of the population, particularly the
6 disadvantaged sectors and hereby adopts a policy of encouragement and
7 support for people's organizations (POs) and nongovernmental organizations
8 (NGOs) as hereinafter defined. To this end, the government shall take measures
9 to provide POs and NGOs the opportunities to participate in and assist in
10 government programs for national development.

11 SEC. 3. **Scope and Coverage.**– All people's or nongovernmental
12 organizations organized for legitimate purposes and operating within the
13 democratic framework shall be allowed to participate in government programs
14 and be eligible for assistance from the government.

15 SEC. 4. **Definition of Terms.**– As used in this Act, the following terms
16 shall be construed as follows:

1 (a) "People's organizations" hereinafter referred to as POs, are bona fide
2 associations of citizens with demonstrated capacity to promote public interest
3 and with identifiable leadership, membership and structure.

4 (b) "Nongovernmental organizations" hereinafter referred to as NGOs, also
5 known as private voluntary organizations or voluntary agencies, are private, non-
6 profit or nonstock organizations, registered with the Securities and Exchange
7 Commission (SEC) and engaged in medium or long-term activities, however
8 financed or organized, such as but not limited to, community organizing,
9 community education, sectoral development, humanitarian or charity work,
10 disaster relief, family planning, physical and social rehabilitation, and social
11 amelioration.

12 (c) "Umbrella nongovernmental organization" refers to an NGO registered
13 with the SEC which maintains a membership consisting of POs or NGOs,
14 whether or not registered with the SEC, for the purpose of promoting, financing,
15 coordinating or consolidating PO/NGO activities and projects as enumerated in
16 the immediately preceding paragraphs.

17 (d) "Implementing agency" refers to any government subdivisions, agency
18 or instrumentality, whether national or local, including government -owned or
19 controlled corporations, which assists, facilitates and supports people's and
20 nongovernmental organizational activities and projects or delivers goods and
21 services to the public with the assistance of or in cooperation with people's or
22 nongovernmental organization, for which purpose, funds have been accordingly
23 appropriated or are available therefor from the Official Development Assistance
24 (ODA) or any other source.

25 (e) "Participation" refers to any activity, service, project or program
26 component of any of the implementing agencies under which any legitimate
27 PO/NGO may be eligible for assistance and thereafter be allowed to enter into a
28 contract or memorandum of agreement with the concerned implementing
29 agency.

1 SEC. 5. ***Assistance and Support to POs/NGOs.***- A people's or
2 nongovernmental organization which has duly applied for assistance with the
3 concerned implementing agency shall be eligible for financial and other
4 assistance to carry out projects and activities which the implementing agency
5 deems proper for the execution and implementation by a people's or
6 nongovernmental organization: Provided, That such implementing agency shall
7 utilize its own programs. The assistance may consist of:

- 8 (a) project grants;
- 9 (b) Matching loans;
- 10 (c) Concession loans;
- 11 (d) Technical, training and organizational development support; and
- 12 (e) Such other assistance or support as may be mutually determined to
13 appropriate and proper by the secretary or head of the department, commission
14 or agency and by the representatives of POs/NGOs accredited by the
15 implementing agency.

16 The arrangements for assistance to POs/ NGOs shall be made in writing,
17 either in contract form or through a memorandum of agreement stating therein
18 the terms and conditions for the grant of financial support by the implementing
19 agency. The following stipulations shall be included in such contract form or
20 memorandum of agreement:

- 21 (1) Duration of the agreement or contract;
- 22 (2) Amount involved for the project;
- 23 (3) Terms and conditions of disbursements;
- 24 (4) Reports to be submitted periodically by POs/NGOs;
- 25 (5) Verification of reports and provision for performance inspections; and
- 26 (6) Audit of funds released to POs/ NGOs.

27 SEC. 6. ***Application and Eligibility for Assistance.***- A PO or NGO,
28 seeking to avail of government support or assistance as provided in Section 5
29 hereof, shall submit a project proposal to the implementing agency concerned.

1 The implementing agency concerned shall determine the requirements and
2 conditions to be complied with by the applicant PO/NGO for the availing of
3 assistance, with due regard for the expeditious and efficient processing of the
4 applications of the PO/NGO.

5 A people's or nongovernmental organization may apply for government
6 assistance through the sponsorship of an umbrella NGO of which the applicant
7 PO/NGO is a member. In such event, the umbrella NGO shall be a party
8 signatory to the contract entered into between the concerned implementing
9 agency and the applicant PO/NGO, for and in behalf of the latter mentioned
10 applicant PO/NGO.

11 Any application of a PO/NGO for government assistance and support shall
12 be free from all fees and charges, such as but not limited to, filing fees,
13 processing fees and service fees.

14 The implementing agency shall be guided by the following criteria in
15 evaluating any application for government assistance filed by a people's or
16 nongovernmental organization:

17 (a) Record of performance or accomplishments of the PO/NGO;

18 (b) Suitability of the organizational structure and competence of the
19 volunteer or manpower complement of the PO/NGO to perform the service
20 activity or project being contracted; and

21 (c) Whenever appropriate financial management capability of the
22 PO/NGO.

23 **SEC. 7. *Implementing Rules and Regulations.***- Government assistance
24 and support to POs/NGOs shall be primarily carried out by the implementing
25 agencies as defined in Section 4(d) of this Act.

26 Within six (6) months after its enactment, the necessary core rules and
27 regulations to effectively carry out the purposes of this Act, including guidelines
28 on the manner of auditing funds disbursed to POs/NGOs, shall be promulgated
29 jointly by the Secretary of Finance and the Secretary of Budget and Management

1 to be supplemented by operational regulations which will be issued thereafter by
2 the head of the implementing agency extending assistance to qualified
3 POs/NGOs: Provided, That such auditing guidelines shall, in accordance with
4 existing audit rules, provide for the safeguarding, monitoring and reporting of
5 released funds and promoted procedures which will not unduly hamper the
6 ability, efficiency, flexibility and independence of POs/NGOs to implement or
7 execute government-financed projects and activities: Provided, further, That the
8 implementing agencies shall assist POs/NGOs in keeping and maintaining their
9 books of account and financial records consistent with existing government
10 auditing rules: Provided, finally, That representatives of concerned committees in
11 the House and the Senate, as well as at least five (5) representatives each of
12 POs/NGOs selected by the Department of Finance, the Department of Budget
13 and Management, the Commission on Audit and the Office of the President, shall
14 be involved in drafting the said rules and regulations.

15 All concerned implementing agencies shall inform the public on the
16 availability of government assistance including information on the availability of
17 the ODA funds and other foreign sources using all possible forms of mass
18 communication. It shall be the responsibility of the implementing agencies to
19 publish and disseminate the rules and regulations therefor. Furthermore, such
20 implementing agencies shall maintain facilities and services for POs/NGOs at
21 their regional and provincial offices, if any, to make it more convenient for
22 POs/NGOs to avail of government assistance as provided in this Act.

23 SEC. 7. **Separability Clause.** If any provision of this Act or the
24 application of such provision to any person or circumstance is held invalid for any
25 reason, the remainder of this Act or the application of such provision to other
26 persons or circumstances shall not be affected thereby.

27 SEC. 9. **Repealing Clause.-** All laws, decrees, orders, letters of
28 instruction, letters of implementation, rules and regulations, or parts thereof
29 inconsistent with any provision of this Act are hereby amended, modified,

1 repealed or superseded insofar as they are inconsistent with the provisions of
2 this Act.

3 SEC.10. **Effectivity.**- This Act shall take effect fifteen (15) days from the
4 date of its publication in at least two (2) national newspapers of general
5 circulation.

6 Approved,