

**NINETEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES**
First Regular Session



Senate
Office of the Secretary

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22 AUG -4 P6 :22

SENATE

RECEIVED BY:

S. B. NO. 1040

Introduced by **SENATOR JOEL VILLANUEVA**

**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**

EXPLANATORY NOTE

Based on the 2021 Open Budget Survey, an independent and comparative survey conducted by the International Budget Partnership (IBP), while the Philippines scored 35 points over 100, it is still higher than the global average of 14 points in terms of “public participation” or “formal opportunities offered to the public for meaningful participation in the different stage of the budget process.”¹

Findings of the survey reveal that while the Philippines scored high in the audit phase of the budget (78 points out of 100), there are minimal opportunities for participatory budgeting during the formulation (33 points out of 100), approval (22 points out of 100), and implementation (17 points out of 100).²

Overall, the Philippines ranked 8th in the world in terms of Public Participation³ but there is always room for growth and improvement. Strengthening the government’s efforts to promote participatory budgeting and inclusion of stakeholders in the process of allocating state resources will ensure transparency and accountability. A people-oriented process of allocating

¹ Open Budget Survey 2021, accessible at <https://internationalbudget.org/sites/default/files/country-surveys-pdfs/2021/open-budget-survey-philippines-2021-en.pdf> (last accessed: August 2, 2022)

² *Id.*

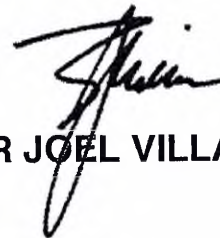
³ Open Budget Survey 2021 Rankings, accessible at https://internationalbudget.org/wp-content/uploads/2021_OBS_rankings.pdf (last accessed: August 2, 2022).

resources will also ensure that it will be more responsive to the needs of the citizens and will lead to a more effective delivery of services.

Thus, this bill contains the following features for the promotion of participatory budgeting:

- a) Establishes mechanisms for CSO participation in the preparation and authorization of the annual General Appropriations Act, such as participating as resource persons during hearings and other similar events, observing during budget deliberations, among others;
- b) Ensures access to budget-related documents, such as budget proposals, issuances, and committee reports;
- c) Provides opportunities to present proposed budget proposals and positions on budgetary items, including during the budget deliberations; and
- d) Enumerates the benefits and privileges of accredited CSOs participating in the budgetary process, but guarantees that non-accredited CSOs shall still participate in the budgetary process through the submission of position papers and observance of public meetings, hearings, conferences, or other similar dialogues in the preparation of the budget.

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



SENATOR JOEL VILLANUEVA

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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 of the Philippines in Congress assembled:

1 **SECTION 1. Short Title.** – This Act shall be known as the “*People’s*
2 *Participation in the National Budget Process Act of 2022.*”
3

4 **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the
5 State to facilitate the establishment of adequate consultation and feedback
6 mechanisms to promote meaningful and effective participation of Civil Society
7 Organizations (CSOs) in the preparation and authorization of the annual
8 national budget in order to ensure that the annual appropriations will be an
9 instrument of development that is reflective of the national objectives, strategies
10 and plans beneficial to the people.
11

12 **SEC. 3. Definition of Terms.** – For purposes of this Act, the following
13 terms are defined as follows:
14

- 15 a) **Accreditation** refers to the registration process of CSOs with the
16 National Government Agencies (NGAs) and Government Owned
17 and Controlled Corporations (GOCCs), in order to allow them to
18 participate in the preparation and authorization of the annual
19 national budget;
20
21 b) **Accredited CSO** refers to CSOs that have fulfilled the
22 requirements in Section 5 of this Act;
23

- 1 c) **Budget Call** refers to the budget document issued by the
2 Department of Budget and Management (DBM) and sent to all
3 NGAs and GOCCs, which contains the policy guidelines and
4 procedures in the preparation of the annual budget, including the
5 budget preparation calendar for any given year. The issuance of a
6 budget call signals the beginning of the budget preparation phase;
7
8 d) **Civil Society Organizations (CSOs)** include, but is not limited to,
9 non-government organizations (NGOs), cause-oriented groups,
10 people's organizations, cooperatives, trade unions, professional
11 associations, faith-based organizations, media groups, indigenous
12 peoples' movements, foundations, and other citizen groups formed
13 primarily for social and economic development, which monitor
14 government projects, engage in policy discussions, and actively
15 participate in collaborative activities with Government;
16
17 e) **Conflict of Interest** refers to a situation where it may be
18 reasonably deduced that a CSO or any of its key officers may not
19 act in the public interest due to some private, pecuniary, or other
20 personal considerations which prevent an impartial or unbiased
21 attitude towards their participation in the national budget process;
22
23 f) **Government-Owned or Controlled Corporation** refers to any
24 agency organized as a stock or non-stock corporation, vested with
25 functions relating to public needs whether governmental or
26 proprietary in nature, and owned by the Government of the
27 Republic of the Philippines directly or through its instrumentalities
28 either wholly, or where applicable, as in the case of stock
29 corporations, to the extent of at least a majority of its outstanding
30 capital stock; and
31
32 g) **National Government Agency (NGA)** refers to a unit of the
33 National Government, including the Judiciary, both Houses of
34 Congress, and Constitutional Offices.

35
36 **SEC. 4. Coverage.** – This Act shall apply to all NGAs and GOCCs
37 whose budget is included in the annual General Appropriations Act.
38

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

- 48 a) Articles of Incorporation and By-Laws of the applicant CSO;
49

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

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

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

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

41 The DBM shall ensure that the NGA or GOCC has complied with the
42 abovementioned requirement. For this purpose, the DBM shall establish
43 capacity-building mechanisms for NGAs and GOCCs and other initiatives for
44 the effective implementation of participatory budgeting involving CSOs with a
45 view to improving fiscal transparency and accountability in the budget process.
46

47 Accredited CSOs, through their duly authorized representatives, shall,
48 as far as practicable, be allowed to participate as resource persons in the
49 budget hearings to be conducted by the appropriate Committees of the Senate

1 and the House of Representatives, subject to the guidelines to be issued by
2 both Houses of Congress.

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

10
11 **SEC. 7. Privileges and Incentives.** – An accredited CSO shall enjoy
12 the following privileges and incentives:

- 13
14 a) To have the same participation rights accorded to NGOs in the Local
15 Development Councils pursuant to the provisions of Republic Act No.
16 7160, otherwise known as the “Local Government Code of 1991” in
17 setting the direction of economic, social and other coordinating
18 development efforts in the national level;
19
20 b) To receive notices and participate as resource persons, through its
21 duly authorized representatives, in any regular and consultative
22 public meetings, hearings, conferences, and dialogues on matters
23 related to the preparation and authorization of the annual national
24 budget, subject to the guidelines as may be issued by each House of
25 Congress;
26
27 c) To be allowed to attend and observe the budget deliberations;
28
29 d) To have access to copies of the budget proposals submitted by the
30 NGAs or GOCCs to the DBM, subject to applicable guidelines on
31 privilege information and/or freedom of information;
32
33 e) To provide position papers to the DBM on the budget proposal of
34 NGAs or GOCCs submitted pursuant to the budget call;
35
36 f) To present and submit its own alternative or proposed budget or
37 position paper;
38
39 g) To have access to issuances such as, but not limited to, policy
40 orders, circulars and memoranda that are related to the budget;
41
42 h) To have access to the documents prepared by the DBM for
43 submission to Congress as a basis for the General Appropriations
44 Bill required under Article VII, Section 22 of the Constitution;
45
46 i) To present written proposals on projects and activities of the
47 government entities whose budget is under deliberation; and
48
49 j) To have immediate access to stenographic notes and committee
50 reports released by both Houses, including the bicameral conference

1 committee report, subject to such guidelines as may be set by each
2 House of Congress.

3
4 **SEC. 8. Notice to CSOs.** – Notice to accredited CSOs under Sections
5 7(a) and (b) of this Act may be sent through electronic mail, facsimile
6 transmission, postal mail, and by posting at the website of the NGA or GOCC
7 concerned.

8
9 **SEC. 9. Conflict of Interest.** – It is the responsibility of the CSO to
10 inform the NGA or GOCC of a conflict of interest in their work with the
11 concerned agency, if and when such situation arises.

12
13 However, if the NGA or GOCC deems that the CSO has a conflict of
14 interest with the work of such NGA or GOCC, the latter shall give the applicant-
15 CSO an opportunity to explain and prove that the conflict of interest does not
16 exist, in compliance with Section 5 of this Act.

17
18 **SEC. 10. Cancellation of Accreditation.** – Upon receipt of a verified
19 complaint in writing, which charges the holder of a certificate of accreditation of
20 having procured their certificate of accreditation by fraud or deceit, or in view of
21 undisclosed conflict of interest, the head of the NGA or GOCC shall notify and
22 serve a copy of the complaint to the CSO concerned, who shall be given an
23 opportunity to be heard.

24
25 Inaction by the NGA or GOCC on the said complaint within twenty (20)
26 working days from the receipt of such complaint shall be deemed a dismissal
27 of the complaint against the CSO involved.

28
29 **SEC. 11. Non-Accredited CSOs.** – Non-accredited CSOs shall still
30 have the option to participate in the budget process by submitting position
31 papers for the consideration of the NGA or GOCC, and by attending and
32 observing in any regular and consultative public meetings, hearings,
33 conferences, and dialogues on matters related to the preparation and
34 authorization of the annual national budget. If necessary, non-accredited CSOs
35 may be invited to expound on their critique or proposals.

36
37 Nothing in this Act shall be construed to deprive non-accredited CSOs
38 the rights, privileges and incentives accorded to them by the Constitution,
39 existing laws, executive orders, rules and regulations and other issuances.

40
41 **SEC. 12. Public and Timely Disclosure of Budget Documents and**
42 **Other Related Data.** – In order for CSOs to participate in an informed manner,
43 the NGA or GOCC shall post on their websites or other public posting areas,
44 budget documents to which CSOs shall have access pursuant to Section 7 of
45 this Act.

46
47 **SEC. 13. Separability Clause.** – If any provision or part hereof is held
48 invalid or unconstitutional, the remainder of the law or the provision not
49 otherwise affected shall remain valid and subsisting.

50

1 **SEC. 14. *Repealing Clause.*** – Any law, presidential decree or issuance,
2 executive order, letter of instruction, administrative order, rule or regulation
3 contrary to or inconsistent with the provisions of this Act is hereby repealed,
4 modified or amended accordingly.

5
6 **SEC. 15. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days
7 after its publication in the Official Gazette or in at least two (2) newspapers of
8 general circulation.

9
10 **Approved,**