

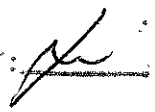
FIFTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

SENATE
OFFICE OF THE SECRETARY

10 JUL 23 1958

SENATE

S. B. No. 2186

RECEIVED BY: 

Introduced by Senator TEOFISTO "TG" GUINGONA III

EXPLANATORY NOTE

This bill is known as "The People's Participation in Budget Deliberations Act" adheres to the principles of genuine democracy by enshrining the right of the people to direct participation in the budget process, thereby preserving people's power in influencing priorities underlying the budget for social development.

It is high time we encourage non-governmental organizations (NGOs) and people's organization (POs) to focus their efforts on the national budget, which is the primary economic and political tool of the government. The budget encompasses all aspects of governance policies, processes, political and social preferences, administrative reforms, delivery of services, etc. It reflects the government's commitment and political will to achieve social and economic change.

All over the globe, the innovative intervention of NGOs and POs has strengthened expenditure management and oversight in many countries – both at the state and municipal/city levels. Civil society groups provided critical information on the impact of the budget to the marginalized sectors. They helped foster budget literacy among the grassroots, the media and even the legislature. Most of all, they provided the proper directions in terms of priorities on expenditures so that the budget truly responds to the needs of the people.

In India, the campaigns of Mazdoor Kisan Shakti Sangathan (MKSS) for transparency in government, especially on expenditure records, led to the enactment of the Rajasthan State Right to Information Act in 2006. In Mexico, FUNDAR's, a research and advocacy organization, use of the National Freedom of Information Law to obtain accounting records from the Ministry of Health and engagement with the House of Representatives led to substantial increase in funding for HIV/AIDS. In Kenya, the government requests the Institute for Economic Affairs, which coordinates an annual civil society meeting for a report providing government with a set of agreed priorities, for its analysis as an annual input into the budget drafting stage.

Recognizing that citizens' involvement in the budget process improved delivery of social services and increased investment for the most vulnerable sectors, many governments have institutionalized people's participation in the budget process.

The Brazilian Government's Participation Budgeting process, which is now practiced in its 70 municipalities and the State of Rio Grande Do Sul, resulted to an improved quality of life and equity in the provision of services. It also promoted transparency and accountability among government officials. The governments of North America and Western Europe are studying and trying to replicate this process of consulting the citizens in allocation of resources, selection of broad social policies and expenditure monitoring.

Other government initiatives are the Municipal Finance Management Act of 2003 in South Africa which promotes community participation in the budget process; the People's Campaign for Decentralized Planning initiated by the Indian State of Kerala, which allowed citizens to participate in formulating planning priorities, goals and projects through budgetary functions; the government of Uganda's model which allows civil society engagement in the budget drafting stage; and Bolivia's Law of Popular Participation which allowed citizens to call for local audits to monitor spending by municipal councils.

The international community already recognized the impact of civil society participation in the budget process to poverty alleviation efforts. The World Bank introduced the Public Expenditure Tracking System (PETS) in various countries as a methodology for tracking expenditures that enables users to reconcile budgetary flaws and highlights not only the use and abuse of public money, but also give insights into cost efficiency, decentralization and accountability. The Asian Development Bank, supported regional technical assistance for Indonesia, Marshall Islands, and Pakistan to "enhance civil society's awareness of resource allocation and the budgeting process and their actual involvement in the budget decision-making process". The United Nations Department of Economic and Social Affairs promoted dialogues among governments and civil society groups to explore how the audit process can be made more open and participatory. It promoted social audits as a tool for citizen empowerment and government accountability.

In the Philippines, we should be proud of the consortium of 48 NGOs and POs, led by Social Watch Philippines, which formed the Alternative Budget Initiative (ABI). The ABI consortium initiated civil society-legislators partnerships in formulating and lobbying for alternative budget proposals that put social services at top priority, including reallocating unreasonably big and vague budgetary allotments to allocations for health, agriculture, education and environment.

Due to the constructive interventions by NGOs in the national budget process, the National Economic Development Authority (NEDA), in its MDG Report in 2007, highlighted that the alternative budget advocacy for 2007 resulted in an increase of P22.7 billion in additional proposals for MDC-related activities and an approval of the P5.5 billion for the 2007 national budget for social services.

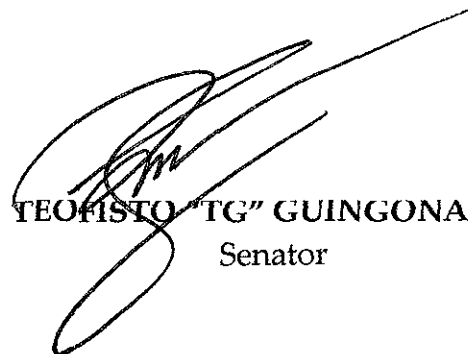
In 2007, for the first time in Philippine history, the House Committee on Appropriations invited NGOs and POs to participate in budget deliberations and present their alternative budget proposals. The ABI Campaign for the 2008 budget resulted to P6.3 billion increases for social services.

As provided for by our Constitution, it is the policy of the State to promote social justice in all phases of national development (Article II, Sec. 10, 1987 Phil. Constitution). The Congressional Annual Budget Deliberations affect the interests of every citizen, sector or community. As a result, NGOs and POs should be allowed to represent themselves in order to achieve an annual budget that is responsive to the national development of each and every sector of our community.

Furthermore, Sec. 15 and 16, Article XIII of the Constitution, respectively provides that, "The State shall respect the role of independent people's organizations to enable the people to pursue and protect, within the democratic framework, their legitimate and collective interests and aspirations through peaceful and lawful means" and "the right of the people and their organizations to effective and reasonable participation at all levels of social, political and economic decision-making shall not be abridged. The State shall, by law, facilitate the establishment of adequate consultation mechanisms for its implementation."

It is high time the Philippine Congress recognize the importance of citizens groups' direct engagement in the budget process. We should now institutionalize the practice of legislature-civil society collaboration for a people-oriented budget and more participation, transparency and accountability in the budget process so that Congress may fully exercise its power of the purse for the people.

In view of the foregoing, the immediate enactment of this measure is earnestly sought.



TEODORO "TG" GUINGONA III
Senator

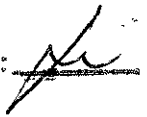
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SENATE

S.B. No. 2186

RECEIVED BY: 

Introduced by Senator TEOFISTO "TG" GUINGONA III

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.

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 "People's Participation
2 in Budget Deliberations Act of 2010".

3 **SEC. 2. *Declaration of Policy.*** – It is hereby declared the policy of the State to
4 promote the growth and development of independent people's organizations and non-
5 government organizations as effective participants in the formulation, monitoring and
6 evaluation of the annual national budget. For this purpose, the State shall guarantee the
7 participation of people's organizations and non-government organizations in the
8 budget deliberation process to ensure that the annual appropriations will be an
9 instrument of development and reflective of national objectives, strategies and plans.

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

12 (a) "Accreditation" – refers to the registration process by which the Senate or
13 the House of Representatives and Local Legislative Councils recognize the

1 people's organizations (POs) and non-government organizations (NGOs)
2 in order to allow them to participate in the deliberations of the budget:
3 Provided that registration of said applicant shall not confer juridical
4 personality on the organizations.

5 (b) "Government Entity" – refers to any government agency or
6 instrumentality, including local government units (LGUs), with which the
7 POs and NGOs have legitimate concerns.

8 (c) "Non-government organizations (NGOs)" – refer to independent private
9 and non-profit organizations formed primarily for social and economic
10 development, are not engaged in partisan politics and whose officers are
11 not holding elective government positions.

12 (d) "People's organizations (POs)" – refer to *bona fide* cooperatives and
13 associations of citizens for purposes not contrary to law with
14 demonstrated capacity to promote the public interest, with identifiable
15 leadership, membership and structure, are not engaged in partisan politics
16 and whose officers are not holding elective government positions.

17 (e) "Participation mechanisms" – refer to the means by which POs and NGOs
18 could participate effectively and meaningfully in the government process
19 of creating an annual budget that is responsive to the needs of different
20 sectors in our community.

21 **SEC. 4. Coverage.** – All POs and NGOs with a reputable track record in
22 participating and contributing to government's processes and activities, may be allowed
23 to participate and play a significant role in the congressional, as well as local annual
24 budget deliberations, provided that they undergo the mandatory accreditation process

1 and comply with the implementing rules and regulations issued by both Houses of
2 Congress, pursuant to Section 10 of this Act.

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

8 The Local Development Councils, headed by their Governors, Mayors, or
9 Barangay Captains, shall allow the active participation of the POs and NGOs in their
10 annual budget deliberations, subject to the limitations provided by law, their respective
11 ordinances, rules and regulations.

12 **SEC. 5. *Application for Accreditation.*** – The application for accreditation shall be
13 filed with the Office of the Secretary of the Senate, the Secretary-General of the House of
14 Representatives or the Secretary of the local government units in the form prescribed by
15 such offices for the purpose, with the following documents:

- 16 (a) Articles of Incorporation and By-Laws of the applicant POs and NGOs;
17 (b) Certificate of Registration with the Securities and Exchange Commission
18 (SEC) and concerned authority/agency;
19 (c) Affidavit of Modus Operandi showing:
20 (1) The character of the organization;
21 (2) The purpose for which it is organized;
22 (3) The list of activities or projects for the past three (3) years; and
23 (4) The list of officers, directors, trustees and members.

1 (d) Certificate of Good Track Record and Standing from the proper authority
2 or concerned office; and

3 (e) Duly audited financial statements for the past three (3) years showing the
4 assets and liabilities of the organization.

5 Upon approval of the application by the Secretary of the Senate, the Secretary-
6 General of the House of Representatives or the Secretary of the local government units,
7 a certificate of accreditation shall be issued which shall be valid for three (3) years after
8 its approval.

9 Unless an applicant is given due and proper hearing, no application for
10 accreditation shall be disapproved. The decision of the Secretaries of the Senate or the
11 House or the proper authority so designated by the concerned local government unit on
12 such disapproval shall thus be rendered within ten (10) working days from the time of
13 filing of the application.

14 **SEC. 6. *Guidelines of Choosing the Representatives of Accredited POs and***
15 ***NGOs. –***

16 (a) Qualifications – Nominated representatives of accredited POs and NGOs
17 should be members of the organization they represent. The nominees
18 may be members of sectoral or multi-sectoral group. They shall serve at
19 the pleasure of their accredited organizations.

20 Nominated / elected representatives of accredited POs and NGOs
21 shall be allowed to participate during budget deliberations in the
22 national down to municipal levels of government; and

1 (b) Term of office of selected representative/s – Accredited POs and NGOs
2 shall submit the name of their representative/s in the budget exercise and
3 shall serve at the pleasure of his/her accredited organization.

4 **SEC. 7. *Cancellation of Accreditation.*** – Upon verified complaint in writing
5 charging the holder of a certificate of accreditation of having procured their certificate
6 of accreditation by fraud or deceit or through error, the Secretary of the Senate of the
7 Secretary-General of the House of Representatives or the LGU Secretary shall have the
8 power to cancel the certificate of accreditation.

9 On the other hand, no application shall be disapproved or cancelled without
10 proper notice and hearing by the proper authority. Inaction by the proper authority
11 within fifteen (15) days will be considered as a decision favorable to the POs or NGOs
12 involved.

13 **SEC. 8. *Privileges and Incentives.*** – An accredited PO or NGO shall enjoy the
14 following privileges and incentives:

15 (a) Participate thru its duly authorized representatives in any regular and
16 consultative public meetings, hearings, conferences, dialogues, debates or
17 deliberations sponsored by both Houses of Congress including District
18 and other local body in relation to the government's annual budget;

19 (b) Submit its own alternative or proposed budget or position paper with
20 regard to the sector or organization it represents;

21 (c) Access to copies of the bills or budget proposals filed in both Houses and
22 local government concerned;

23 (d) Present written proposals on projects and activities of the government
24 entities which budget is under deliberations; and

1 (e) Access to the data coming from both Houses and concerned LGU.

2 Nothing in this Act shall be construed to deprive POs and NGOs of the rights
3 and privileges and incentives being enjoyed by them as mandated by the
4 Constitution, existing laws, executive orders, and regulations and other
5 issuances.

6 **SEC. 9. *Suspension of Privileges of POs and NGOs.*** – POs and NGOs whose
7 accreditation have been suspended shall not be allowed to engage or participate in the
8 Congressional and local annual budget deliberations in any manner, whether directly or
9 indirectly.

10 **SEC. 10. *Implementing Rules and Regulations.*** – The Senate and the House of
11 Representatives, in consultation with the Department of Social Welfare and
12 Development (DSWD), Department of Interior and Local Government (DILG), POs and
13 NGOs, and other agencies deemed necessary to consult, shall issue the Implementing
14 Rules and Regulations (IRR) within ninety (90) days after the approval of this Act.

15 **SEC. 11. *Separability Clause.*** – If, for any reason, any section or provision of this
16 Act is held unconstitutional or invalid, no other section or provision shall be affected.

17 **SEC. 12. *Repealing Clause.*** – All laws, decrees, executive orders, rules and
18 regulations, issuances or any part thereof inconsistent with the provisions of this Act
19 are hereby repealed or amended accordingly.

20 **SEC. 13. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
21 publication in at least two (2) national newspapers of general circulation.

Approved,