

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



Senate
Office of the Secretary

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SENATE

S. B. No. 75

RECEIVED BY: *[Signature]*

Introduced by **Senator Teofisto "TG" Guingona III**

EXPLANATORY NOTE

This bill shall be known as "People's Participation in the National Budget Process Act of 2013". It 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 (NGO) and people's organizations (POs) to focus their effort 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 of 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 it analysis as an annual input into the budget drafting stage.

Recognizing that citizens' involvement in the budget process improved delivery of social services and increase 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 government 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 audit 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 flars 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, 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 re-allocating unreasonably big and vague budgetary allotments to allocations for health, agriculture, education, and environment

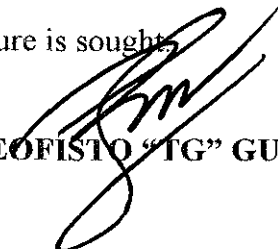
Due to the constructive interventions by NGOs in the national budget process, the National Economic Development Authority (NEDA), in its MDG Report in 2007, highlighted that the alternative budget advocacy for 2007 resulted in an increase of Php 22.7 billion in additional proposals for MDG-related activities and an approval of the Php 5.5 billion for the 2007 national budget 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, Section 10, 1987 Philippine 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, Sections 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 citizen 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.

The immediate enactment of this measure is sought.



TEOFISTO "TG" GUINGONA III
Senator



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SENATE
S.B. No. 15

RECEIVED BY: 

Introduced by Senator Teofisto "TG" Guingona III

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.

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

3
4 **SECTION 1. *Short Title.*** - This Act shall be known as the "Civil Society
5 Organizations' Participation in the National Budget Process Act of 2013".
6

7 **SECTION 2. *Declaration of Policy.*** - It is hereby declared the policy of the
8 State to facilitate the establishment of adequate consultation and feedback
9 mechanisms to promote meaningful and effective participation of Civil
10 Society Organizations (CSOs) in the preparation and authorization of the
11 annual national budget in order to ensure that the annual appropriations will be
12 an instrument of development that is reflective of the national objectives,
13 strategies and plans beneficial to the people.
14

15 **SECTION 3. *Definition of Terms.*** - For purposes of this Act, the following
16 terms are defined as follows:
17

18 a) "Accreditation" – refers to the registration process of CSOs with
19 the National Government Agencies (NGAs) and Government Owned and
20 Controlled Corporations (GOCCs), in order to allow them to participate in the
21 preparation and authorization of the annual national budget.
22

23 b) "Accredited CSO" – refers to CSOs that have fulfilled the
24 requirements in Section 5 of this Act.
25

26 c) "Budget Call" – refers to the budget document issued by the
27 Department of Budget and Management (DBM) and sent to all NGAs and
28 GOCCs, which contains the policy guidelines and procedures in the
29 preparation of the annual budget, including the budget preparation calendar for

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

3
4 d) "Civil Society Organizations (CSOs)"– includes 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, foundations, and
8 other citizen groups formed primarily to contribute to social and economic
9 development, which monitor government projects, engage in policy
10 discussions, and actively participate in collaborative activities with
11 Government

12
13 e) "Conflict of Interest" – refers to a condition which occurs when a
14 CSO or any of its key officers are involved in multiple interests which
15 prevents 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 towards
20 problem solving while respecting and retaining the focus on assertion for
21 reforms and continuation of beneficial practices.

22
23 g) "Government-Owned or Controlled Corporation (GOCC)" – refers
24 to any agency organized as a stock or non-stock corporation, vested with
25 functions relating to public needs whether governmental or proprietary in
26 nature, and owned by the Government of the Republic of the Philippines
27 directly or through its instrumentalities either wholly, or, where applicable as
28 in the case of stock corporations, to the extent of at least a majority of its
29 outstanding capital stock.

30
31 h) "National Government Agency (NGA)" – refers to a unit of the
32 National Government, including the Judiciary, both Houses of Congress, and
33 Constitutional Offices.

34
35 i) "Participatory Mechanisms" – refer to the means by which CSOs
36 can participate meaningfully and effectively in the government process of
37 formulating and authorizing an annual national budget that is responsive to the
38 needs of the different sectors in our society.

39
40 **SECTION 4. Coverage.** – This Act shall apply to NGAs and GOCCs that
41 derive financial support from allocations made in the Annual General
42 Appropriations Act.

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

1 prescribed by each office and the application for accreditation shall be
2 accompanied by the following documents:

- 3
4 a. Articles of Incorporation and By-Laws of the applicant CSO;
5
6 b. Certificate of Registration and/or other such similar documents, issued
7 by an appropriate government agency tasked to register civil society
8 organizations, such as but not limited to the Securities and Exchange
9 Commission (SEC), Bureau of Labor Relations (BLR), House and Land Use
10 Regulatory Board (HLURB), and the Cooperative Development Authority.
11
12 c. The list of officers, directors, trustees and members;
13
14 d. Duly audited financial statements for the past three (3) years showing
15 the assets and liabilities of the organization;
16
17 e. Full disclosure of the sources of funds; and,
18
19 f. Full disclosure of service contracts with other NGAs, CSO, private
20 corporations, other CSOs, and other engagements which may result in conflict
21 of interest.
22

23 Upon approval of the application, the head of the concerned NGA or GOCC
24 shall issue the certificate of accreditation. This shall be valid for three (3)
25 years following its issuance except for the certificate of accreditation issued by
26 the Senate and the House of Representatives, which shall be valid for the
27 entire term of the Congress under which such certificate of accreditation was
28 issued.
29

30 No application for accreditation shall be disapproved except upon due notice
31 and proper hearing. The decision of the head of the concerned NGA or GOCC
32 shall be rendered within twenty (20) working days from the time of the filing
33 of the application. Failure to act on the application shall be deemed an
34 automatic approval of the application for accreditation of the concerned CSO,
35 and the issuance of a certificate of accreditation shall necessarily ensue.
36

37
38 **SECTION 6. CSO Participation.** - In the interest of transparency, CSO
39 participation shall be a component in the preparation and authorization of the
40 annual national budget. All NGAs and GOCCs shall be required to formulate
41 and adopt guidelines outlining the mechanism for the accreditation and active
42 participation of the CSOs in the preparation and authorization of the annual
43 national budget.
44

45
46 The DBM shall ensure that the NGA or GOCC has complied with the above
47 mentioned requirement.
48
49

1 Accredited CSOs, through their duly authorized representatives, shall be
2 allowed to participate as resource persons in the budget hearings to be
3 conducted by the appropriate Committees of each House of Congress provided
4 that they comply with the guidelines to be issued by both Houses of Congress.
5 Non-accredited CSOs may be allowed to participate as resource persons upon
6 the discretion of the NGA or GOCC concerned.

7
8
9 Notwithstanding their participation in the budget hearings to be conducted by
10 the appropriate Committees of each House of Congress as provided in the
11 preceding paragraph, the Committee on Appropriations of the House of
12 Representatives and the Committee on Finance of the Senate shall schedule
13 one hearing day for the presentation of the positions of accredited CSOs on the
14 budget.

15
16 **SECTION 7. Privileges And Incentives.** – CSOs shall enjoy the following
17 privileges and incentives:

- 18
19 a) If accredited, the CSO has the right to receive notices and participate as
20 resource person through its duly authorized representatives in any regular and
21 consultative public meetings, hearings, conferences, and dialogues on matters
22 related to the preparation and authorization of the annual national budget;
23
24 b) Access to copies of the budget proposals submitted by the NGAS or
25 GOCCs to the DBM;
26
27 c) To provide position papers to the DBM on the budget proposal of NGAs
28 or GOCCs submitted pursuant to the budget call;
29
30 d) To submit its own alternative or proposed budget or position paper;
31
32 e) Access to issuances such as, but not limited to policy orders, circulars and
33 memoranda that are related to the budget;
34
35 f) Access to the documents prepared by the DBM for submission to
36 Congress by the President as a basis for the General Appropriations Bill
37 required under Article VII, Section 22 of the Constitution;
38
39 g) To present written proposals on projects and activities of the government
40 entities whose budget is under deliberation; and
41
42 h) Access to committee reports released by both Houses.

43
44 **SECTION 8. Notice to CSOs.** Notice to CSOs may be sent through
45 electronic mail, facsimile machine, postal mail, and by posting at the website
46 of the NGA or GOCC concerned. Any of the said modes of sending notices
47 shall be deemed compliance to the requirements under Section 7(a) of this
48 Act.

49

1 **SECTION 9. Conflict of Interest.** It is the responsibility of the CSO to
2 inform the NGA or GOCC of a conflict of interest in their work with the
3 concerned agency, if and when such situation arises.

4
5 However, if the NGA or GOCC deems that the CSO has a conflict of interest
6 with the work of such NGA or GOCC, the latter shall give the applicant-CSO
7 an opportunity to explain and prove that no conflict of interest exists.

8
9 In case there is a conflict of interest, the NGA or GOCC shall automatically
10 suspend the privileges of the CSO and such shall remain in effect until the
11 conflict of interest ceases to exist.

12
13 **SECTION 10. Cancellation of Accreditation.** - Upon receipt of a verified
14 complaint in writing, which charges the holder of a certificate of
15 accreditation of having procured their certificate of accreditation by fraud or
16 deceit, the head of the NGA or GOCC shall notify and serve a copy of the
17 complaint to the CSO concerned, who shall be given an opportunity to be
18 heard.

19
20 Inaction by the NGA or GOCC on the said complaint within twenty (20)
21 working days from the receipt of such complaint shall be deemed a dismissal
22 of the complaint against the CSO involved

23
24 **SECTION 11. Non-Accredited CSOs.** - Non-accredited CSOs may still
25 participate in the budget process by submitting position papers for the NGA's
26 or GOCC's consideration and by attending and observing public consultations.
27 They may be invited to expound on their critique or proposals when said
28 institutions deem it fit. Nothing in this Act shall be construed to deprive non-
29 accredited CSOs the rights, privileges and incentives accorded to them by
30 the Constitution, existing laws, executive orders, rules and regulations and
31 other issuances.

32
33 **SECTION 12. Public and Timely Disclosure of Budget Documents and**
34 **Other Related Data.** - In order for CSOs to participate in an informed
35 manner, the NGA or GOCC shall post on their websites or other public
36 posting areas, budget documents to which CSOs shall have access, as provided
37 for under Section 7 of this Act.

38
39 **SECTION 13. Separability Clause.** - If any provision of this Act is declared
40 unconstitutional, the same shall not affect the validity and effectivity of the
41 other provisions hereof.

42
43 **SECTION 14. Repealing Clause.** - All laws, decrees, executive orders,
44 rules and regulations, issuances or any part thereof inconsistent with the
45 provisions of this Act are hereby repealed or amended accordingly.

46
47 **SECTION 15. Effectivity.** - This Act shall take effect fifteen (15) days after
48 its publication in at least two (2) national newspapers of general circulation.

49
50 Approved,