

SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )



'18 APR -4 P 1 :36

**SENATE**  
S. No. **1776**

RECEIVED BY

---

Introduced by Senator Grace Poe

---

**AN ACT**  
**INSTITUTIONALIZING PEOPLE'S PARTICIPATION IN THE BUDGET**  
**PROCESS, APPROPRIATING FUNDS THEREOF, AND FOR OTHER PURPOSES**

***Explanatory Note***

Once there was a mayor from a small town who proposed that a road be built in his area.<sup>1</sup> He followed it up several times, to no avail. Then one day, a contractor from the Department of Public Works and Highways (DPWH) visited the town. Sadly, the contractor was not there to build the said road but for a "road widening" project. In other words, he was there to widen a road which did not exist.

This reflects an unaddressed reality of Philippine politics and governance- that national priorities (and sometimes even local ones) do not meet local needs. The core of the problem is the lack of genuine people's participation in deliberations on how national resources should be allocated.

National resources are allocated during the preparation of national and local budgets and during the preparation of medium and long-term socio-economic development plans. While these processes always have some degree of public consultation, they are dominated by career politicians, unelected bureaucrats, and economic managers. In other words, there is a severe lack of genuine people's participation in these levels of decision making.

This is unfortunate, as government resources are *public* resources which are deducted from the hard-earned salaries of ordinary citizens. This goes against the very concept of *democracy* (from the Greek *demo-kratia*) as a regime where the people (*demos*) have the power (*kratos*).

---

<sup>1</sup> Public Hearing of the Senate Committee on Finance, Subcommittee D last February 06, 2017.

The lack of people's participation in socio-economic development and budgetary planning results in the non-alignment of government priorities with people's needs. Or, in the anecdote I mentioned, road widening projects of non-existent roads.

It is worth noting that the Philippines does *not* lack the mechanisms to address this problem. For example, the 1987 Constitution is already replete with provisions on this topic:

- Article I, Section 1: "The Philippines is a democratic and republican State. **Sovereignty resides in the people** and all government authority emanates from them." (emphasis supplied);
- Article XI, Section 1: "Public office is a public trust. **Public officers and employees must, at all times, be accountable to the people**, serve them with utmost responsibility, integrity, loyalty, and efficiency..." (emphasis supplied);
- Article XIII, Section. 15: "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." (emphasis supplied); *and*
- Article XIII, Section 16: "**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." (emphasis supplied);

The spirit of these provisions is reflected in several laws, most notably the Administrative Code of 1987 and the Local Government Code of 1991:

- Book V, Chapter 2, Section 6 of the Administrative Code of 1987: "Regional Budgeting.—The budgets of national government agencies shall take into full and explicit consideration the goals, plans and requirements of their respective regional offices, **in the interest of full government response to local thinking and initiative**. The budget preparation process shall **originate at regional and local levels...**" (emphasis supplied);
- Book I, Chapter 1, Section 2, Paragraph C of the Local Government Code: "It is likewise the policy of the State to require all national agencies and offices to conduct **periodic consultations with appropriate local government**



**units, non-governmental and people's organizations,** and other concerned sectors of the community before any project or program is implemented in their respective jurisdictions." (emphasis supplied)

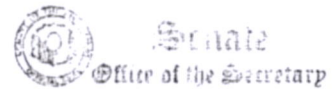
This proposed measure aims to further strengthen, integrate and institutionalize people's participation in socio-economic development and budget planning. It seeks to do so by harmonizing and linking together existing national and local bodies and processes involved in these planning processes.

The proposed measure's strategy is simple: interested civil society organizations will undergo an accreditation process to verify their credentials. Once accredited, accredited civil society organizations will be organized into People's Development Councils (PDCs), who will be capacitated to prepare, submit and defend People's Development and Budget Plans (PDBPs) to the appropriate bodies on the national and local levels. National and local government agencies will then consider and integrate to the greatest extent possible, the proposed PDBPs in their respective socio-economic and budget plans

In view of the foregoing, this representation requests for the urgent consideration and passage of this bill. It is time to bring the *demos* back in *democracy*. This bill fulfils my commitment to the Open Government Partnership to push for a bill on people's participation in the budget process.

  
**GRACE POE**

SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )



'18 APR -4 P 1 :36

**SENATE**  
S. No. 1776

RECEIVED

---

Introduced by Senator Grace Poe

---

**AN ACT**  
**INSTITUTIONALIZING PEOPLE'S PARTICIPATION IN THE BUDGET**  
**PROCESS, APPROPRIATING FUNDS THEREOF, AND FOR OTHER PURPOSES**

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

**ARTICLE I**  
**GENERAL PROVISIONS**

1  
2  
3  
4 Section 1. *Short Title.* – This Act shall be known as the "*People's Participation*  
5 *in the Budget Process Act of 2018*".

6 Sec. 2. *Declaration of Policy.* – The State recognizes the right of the people to  
7 effective reasonable participation at all levels of social, political, and economic  
8 decision making, particularly in planning socio-economic development and budget  
9 plans.

10 The State further recognizes the invaluable role of independent civil society  
11 organizations in enabling Filipinos to pursue and protect their legitimate and  
12 collective interests within our democratic framework.

13 It is thus declared a policy of the State to further strengthen, integrate, and  
14 institutionalize mechanisms and procedures for the effective and meaningful  
15 consultation and participation of civil society organizations in all levels of the budget  
16 process.

17 Sec. 3. *General Principles.* - In accordance with the declared policy of this Act,  
18 national and local government agencies shall conform to the following principles to  
19 ensure the faithfulness of their mechanisms to the policies of this Act:

- 1 a) Priority for Local Concerns – The national and local governments shall  
2 strive to align their projects, programs, and activities with local concerns  
3 and priorities. The planning of socio-economic development and  
4 budgetary plans must consider and integrate local concerns and priorities  
5 to the greatest extent possible.
- 6 b) Genuine Partnership – The national and local governments shall engage  
7 civil society organizations as partners and equals in development and  
8 budget planning. Grassroots-level experiences, narratives, issues,  
9 concerns, comments, and inputs shall be accorded equal value and  
10 appreciation as macro-level social and economic analysis.
- 11 c) Continuous Engagement – The national and local governments shall  
12 engage civil society organizations throughout the planning and execution  
13 of socio-economic development and budgetary plans. Consultation with  
14 civil society organizations shall be integrated in all phases of the policy  
15 process.
- 16 d) Effective and Meaningful Participation – The national and local  
17 governments shall ensure that civil society participation in socio-economic  
18 development and budgetary planning is effective and meaningful. They  
19 shall ensure that civil society organizations are accorded palpable and  
20 tangible avenues for participation in decision making.
- 21 e) Openness and Transparency – The national and local governments shall  
22 respect the people’s right to information on matters of public concern.  
23 Civil society organizations shall be provided with pro-active access to  
24 documents, information and data which are essential to assessing and  
25 preparing socio-economic development and budgetary plans

26 *Sec. 4. Definition of Terms.* – For purposes of this Act:

- 27 a) "*Civil Society Organization/s*" or "*CSO/s*" refers to accredited civil society  
28 organizations which are domestic non-stock, non-profit, and non-partisan  
29 corporation, organization or association, labor organization, workers'  
30 association or cooperative, expressing the interests and values of their  
31 members or others, based on socio-economic, ethical, cultural and  
32 scientific considerations, duly registered with the Securities and Exchange



1 Commission (SEC) or Cooperative Development Authority (CDA), as the  
2 case may be, and duly accredited by the Department of Social Welfare and  
3 Development (DSWD);

4 b) "*Local Development Councils*" or "*LDCs*" refers to the Local Development  
5 Councils created under the Local Government Code of 1991;

6 c) "*Local Health Boards*" or "*LHBs*" refers to the Local Health Boards created  
7 under the Local Government Code of 1991;

8 d) "*Local Sanggunian*" refers to the city, municipal and provincial legislative  
9 councils created under the Local Government Code of 1991;

10 e) "*Local School Boards*" or "*LSBs*" refers to the Local School Boards created  
11 under the Local Government Code of 1991;

12 f) "*Local Peace and Order Councils*" or "*LPOCs*" refers to the Local Peace and  
13 Order Councils created under the Local Government Code of 1991;

14 g) "*Local People's Development Plan*" or "*LPDP*" refers to the development  
15 plan formulated by People's Development Councils;

16 h) "*Partisanship*" refers to activities, statements or manifestations, which  
17 solely or primarily serve to campaign for or against any particular political  
18 party or candidate for any elective public office;

19 i) "*People's Development and Budget Plan*" or "*PDBP*" refers to the socio-  
20 economic development plan to be formulated and submitted by the  
21 People's Development Councils;

22 j) "*People's Development Councils*" or "*PDCs*" refers to the organization of  
23 accredited CSOs

## 24 **ARTICLE II**

### 25 **THE PEOPLE'S DEVELOPMENT COUNCILS**

26 *Sec. 5. Organization of CSOs into People's Development Councils.* –  
27 Accredited CSOs on the city and municipal levels shall be organized into People's  
28 Development Councils (PDCs). City and Municipal PDCs shall each select three (3)  
29 representatives which shall be organized into Provincial PDCs.

30 *Sec. 6. Non-Partisan Nature of PDCs and their Member CSOs.* – All PDCs and  
31 their member CSOs shall refrain from engaging in any form of partisan politics and  
32 shall adopt such measures to shield themselves from such partnership, influence,

1 affiliation and/or party membership. PDCs shall also formulate their own internal  
2 measures to deter and penalize the participation of its members in partisan politics.

3 *Sec. 7. Powers and Functions of People's Development Councils.* - PDCs shall  
4 have the following power and functions:

- 5 a) Conduct neighbourhood assemblies to hear the proposals of the locality;
- 6 b) Adopt their own internal rules and structures;
- 7 c) Establish and maintain such offices as may be needed;
- 8 d) Select from among themselves representatives who shall be members of  
9 the provincial PDC;
- 10 e) Select from among their members their representatives who shall be  
11 appointed to the Local Development Councils (LDCs);
- 12 f) Participate and be consulted in meetings of the Local Development  
13 Councils, Local Education Boards (LEBs), Local Health Boards (LHBs), and  
14 Local Peace and Order Councils (LPOCs) in the city, municipal, or  
15 provincial level;
- 16 g) Formulate and submit People's Development and Budget Plans (PDBPs),  
17 subject to the provisions of this Act;
- 18 h) Call upon the appropriate agencies of the national or local governments to  
19 provide capacity building and technical assistance in the preparation of the  
20 PDBPs;
- 21 i) Participate in the preparation of the proposed local budget by the city,  
22 municipal or provincial mayor, or the national budget by the concerned  
23 national government agencies, as the case may be; *and*
- 24 j) Be represented in public hearings on the local budget by the local  
25 *Sanggunians*, or the National Budget by the Senate Committee on  
26 Finance, or House of Representatives, as the case may be.

27 *Sec. 8. Preparation of the People's Development and Budget Plan.* – Local  
28 PDCs shall prepare and submit a PDBP to the city or municipal mayor, which shall  
29 contain the following:

- 30 a) Key issues and problems in the PDC's jurisdiction;



- 1 b) Priority projects, programs and activities to address the abovementioned  
2 issues and programs and the proposed appropriations needed to  
3 implement them;  
4 c) Timetables for the implementation of the identified projects, programs and  
5 activities; *and*  
6 d) Indicators which will measure the effectiveness of the projects, programs  
7 and activities PDBP;

8 Provincial PDCs shall consolidate all city and municipal PDBPs to form the  
9 provincial PDBPs.

### 10 **ARTICLE III**

#### 11 **PARTICIPATION IN LOCAL SOCIO-ECONOMIC DEVELOPMENT AND** 12 **BUDGET PLANNING**

13 *Sec. 9. Participation in Local Budget Planning.* –The PDC shall submit their  
14 PDBP to the city or municipal mayor or to the provincial governor, as the case may  
15 be, on or before the 30<sup>th</sup> day of of June. Prior to this, the PDC may conduct  
16 neighbourhood assemblies to serve as basis for the PDBP. The annual report of local  
17 chief executives on the state of their respective localities of the previous year shall  
18 mark the start of these assemblies.

19 The city or municipal mayor or the provincial governor shall then consider the  
20 PDBP, and include the proposed projects, programs or activities to the greatest  
21 extent possible in the proposed budget which will be submitted to the local  
22 *Sanggunian*.

23 The local *Sanggunian* shall also consider the proposed projects, programs,  
24 and activities included in the PDBP and integrate them in the city, municipal, or  
25 provincial budget to the greatest extent possible. The local *Sanggunian* shall also  
26 ensure that the PDC is represented in all public hearings on the city, municipal or  
27 provincial budget.

28 *Sec. 10. Participation Outside of Local Budget Planning.* – The PDC shall also  
29 submit their PDBP to, and participate in meetings of the following local mechanisms:

- 30 a) The LDCs, wherein the PDCs shall be entitled to representation, and which  
31 shall consider and integrate the proposed projects, programs and activities  
32 in the PDBP to the greatest extent possible;



1 b) The LHBs and LEBs, to whom the PDCs shall submit their priority projects  
2 for health and education and which shall be considered and integrated to  
3 the greatest extent possible; *and*

4 c) The LPOCs, to whom the PDCs shall submit their priority projects for  
5 maintaining public order, and which shall be considered and integrated in  
6 the to the greatest extent possible:

7 *Provided*, that the LDCs, LHBs, LEBs and LPOCs shall convene at least once  
8 every quarter of the year.

#### 9 **ARTICLE IV**

### 10 **PARTICIPATION IN NATIONAL SOCIO-ECONOMIC DEVELOPMENT AND** 11 **BUDGET PLANNING**

12 *Sec. 11. Participation in National Budget Planning.* – The provincial PDCs shall  
13 submit the consolidated PDBPs to the concerned regional office of the National  
14 Economic and Development Authority (NEDA) for their endorsement to the central  
15 NEDA office and to the appropriate government agencies.

16 The regional and central NEDA offices and the concerned national  
17 government agencies shall consider and integrate the proposed projects, programs  
18 and activities in the PDBPs to the greatest extent possible in the preparation of the  
19 following:

- 20 a) The Medium-Term Development Plan and the corresponding Regional  
21 Development Plans;  
22 b) The individual agency plans and their regional allocations; *and*  
23 c) The National Expenditure Program (NEP);

24 The House of Representatives Committee on Appropriations and the Senate  
25 Committee on Finance shall also ensure that the concerned PDCs are represented in  
26 public hearings on the NEP and the General Appropriations Bill (GAB) to the greatest  
27 extent possible.

28 *Sec. 12. Participation in Other Government Agencies*– The PDC shall also  
29 submit their PDBP to, and participate in meetings of the following national  
30 mechanisms:

- 31 a) The NEDA; *and*

1 b) The National Anti-Poverty Council (NAPC) established under Republic Act  
2 No. 8425, otherwise known as the "*Social Reform and Poverty Alleviation*  
3 *Act*".

#### 4 **ARTICLE V**

#### 5 **ROLE OF NATIONAL AND LOCAL GOVERNMENTS**

6 Sec. 13. *Capacity Building and Technical Assistance.* – The appropriate  
7 agencies of the national and local governments shall provide capacity building and  
8 technical assistance on the preparation of PDBPs, which shall include but not be  
9 limited to the following:

- 10 a) Formulation of evidence-based, inclusive, targeted, and integrated  
11 economic, social, physical and other socio-economic development projects,  
12 programs and activities to address socio-economic issues in the area;
- 13 b) Conduct of evidence-based studies, researches, and training programs  
14 needed to formulate such projects, programs and activities;
- 15 c) Analysis of local income and expenditure patterns, and the appropriate  
16 resource application strategy needed to effectively and efficiently address  
17 local issues;
- 18 d) Adoption and utilization of performance-based budgeting and other  
19 budgeting tools; *and*
- 20 e) Assessment of local institutions and their capacity to implement the  
21 abovementioned projects, programs, and activities.

22 Sec. 14. *Incentives from the National Government.* – The national  
23 government, through the Department of Interior and Local Government (DILG), shall  
24 create a system of rewards and incentives to ensure the compliance of LGUs with  
25 this Act, which shall include but not be limited to:

- 26 a) The Performance Challenge Fund (PCF), created through DILG  
27 Memorandum Circular No. 2011-62; *and*
- 28 b) The annual Search for Excellence in Local Governance (EXCELL) award  
29 and other similar awards based on recognition.

30 Sec. 15. *Transparency in Local and National Budgeting Process.* – LGUs,  
31 national government agencies, local *Sanggunians*, and Congress shall publish  
32 proposed budget documents, statements of income and expenditure and such other



1 necessary documents and data on their respective websites and in conspicuous  
2 public places to facilitate citizen's participation in budgetary processes.

3 Sec. 16. *Status and Veto*. – A matrix detailing the status of the items in the  
4 PDBP signed by the local chief executive shall be posted in conspicuous public places  
5 and published on the locality's respective websites and other official channels. In  
6 case of non-inclusion of some or all items in the PDBP, an explanation signed by the  
7 local Sanggunian detailing the reason for non-inclusion shall also be published and  
8 posted in the same.

## 9 **ARTICLE VI**

### 10 **TRANSITORY AND FINAL PROVISIONS**

11 Sec. 17. *Penalties*. –

- 12 a) Any national or local official, body, office, or agency, that does not comply  
13 with the provisions of this Act, or does not give due consideration to the  
14 proposed projects, programs and activities identified in the PDBP of a PDC,  
15 shall, upon conviction, suffer the penalty of not less than one (1) year or  
16 not more than five (5) years, or a fine not less than Fifty Thousand Pesos  
17 (Php 50,000) or not more than One Hundred Thousand Pesos (Php  
18 100,000) ; *Provided*, that such liability will be without prejudice to any  
19 liability for violation of any provision of the Revised Penal Code, as  
20 amended, or other special laws;
- 21 b) Any PDC or CSO who engages in partisan activity as defined in this Act  
22 shall, upon conviction, suffer the penalty of not less than six (6) months or  
23 not more than (1) year, or a fine of not less than Ten Thousand Pesos  
24 (Php 10,000) or not more than Twenty Thousand Pesos (Php 20,000), or  
25 both, without prejudice to any liability for violation of any provision of the  
26 Revised Penal Code, as amended, or special laws. The penalty shall be  
27 imposed upon the responsible officers who participated in, or by their  
28 gross negligence, allowed the commission of the crime;

29 Sec. 18. *Implementing Rules and Regulations*. – The Department of Budget  
30 and Management (DBM) and DILG, in coordination with the *Liga ng Mga Barangay*,  
31 League of Provinces, League of Cities, and the League of Municipalities, shall

1 promulgate the implementing rules and regulations of this Act no later than thirty  
2 (60) days from its effectivity.

3       Sec. 19. *Appropriations.* – Such amounts as may be necessary for the initial  
4 implementation shall be indicated as a separate line-item under the budgets of the  
5 concerned agencies in the annual General Appropriations Act (GAA). The funds  
6 necessary for LGUs to implement this Act shall be charged against the annual budget  
7 of their respective LGUs, their respective internal revenue allotments.

8       Sec. 20. *Separability Clause.* – If any section or provision of this Act is held  
9 unconstitutional or invalid, any other section or provision not affected thereby shall  
10 remain valid and effective.

11       Sec. 21. *Repealing Clause.* – All laws, decrees, orders, rules and regulations  
12 inconsistent with the provisions of this Act are hereby repealed or modified  
13 accordingly.

14       Sec. 22. *Effectivity.* – This Act shall take effect after fifteen (15) days  
15 following the completion of its publication either in the Official Gazette or in a  
16 newspaper of general circulation in the Philippines.

17

18       *Approved,*

19

20