

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 4523



Introduced by: Hon. Iris Marie D. Montes

AN ACT
INSTITUTIONALIZING THE PARTICIPATION OF CIVIL SOCIETY ORGANIZATIONS (CSOs) IN THE PREPARATION AND AUTHORIZATION PROCESS OF THE ANNUAL NATIONAL BUDGET, AND PROVIDING EFFECTIVE MECHANISMS THEREFOR

EXPLANATORY NOTE

Article II, Section 23 of the 1987 Constitution provides that, "The State shall encourage non-governmental, community-based or sectoral organizations that promote the welfare of the nation."

Further, Article XIII, Section 16 ensures that, "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."

In recognition of the role and contribution of civil society organizations (CSOs) in nation-building, this bill seeks to institutionalize their participation in one of the most important aspects of governance - the budget process.

It provides for mechanisms for the accreditation and participation of the CSOs in the preparation and authorization of the annual national budget. It also seeks to grant privileges and incentives to accredited CSOs to encourage wider participation in the process.

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


IRIS MARIE D. MONTES
Kababaihan Kabalikatan para sa Kapakanan
at Kaunlaran ng Bayan (4K) Party-list

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

SECTION 1. *Short Title.* - This Act shall be known as the "People's Participation in the National Budget Process Act".

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

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

(1) Accreditation refers to the registration process of CSOs with the National Government Agencies (NGAs) and Government-Owned and Controlled Corporations (GOCCs), in order to allow them to participate in the preparation and authorization of the annual national budget;

(2) Accredited CSOs refers to CSOs that have fulfilled the requirements in Section 5 of this Act;

(3) Budget Call refers to the budget document issued by the Department of Budget and Management (DBM) and sent to all NGAs and GOCCs which contains the policy guidelines and procedures in the preparation of the annual budget, including the budget preparation calendar for any given year. The issuance of a budget call signals the beginning of the budget preparation phase;

(4) Civil Society Organizations (CSOs) refers to non-government organizations (NGOs), cause-oriented groups, people's organizations, cooperatives, trade unions, professional associations, faith-based organizations, media groups, indigenous peoples movements, foundations, and other citizen

groups formed primarily for social and economic development, which monitor government projects, engage in policy discussions, and actively participate in collaborative activities with Government;

(5) Conflict of Interest refers to a condition which occurs when a CSO or any of its key officers are involved in multiple interests that prevent an impartial or unbiased attitude towards their participation in the national budget process;

(6) Constructive Engagement refers to a partnership between Government and counterpart CSOs marked by sustained dialogue towards problem solving while respecting and retaining the focus on assertion for reforms;

(7) Government-Owned or Controlled Corporation (GOCC) refers to any agency organized as a stock or non-stock corporation, vested with functions relating to public needs whether governmental or proprietary in nature, and owned by the Government of the Republic of the Philippines directly or through its instrumentalities either wholly, or, where applicable as in the case of stock corporations, to the extent of at least a majority of its outstanding capital stock;

(8) National Government Agency (NGA) refers to a unit of the National Government, including the Judiciary, both Houses of Congress, and Constitutional Offices; and

(9) Participatory Mechanisms refer to the means by which CSOs can articulate meaningfully and effectively in the government process of formulating and authorizing an annual national budget that is responsive to the needs of the different sectors in our society.

SEC. 4. Coverage. - This Act shall apply to all NGAs and GOCCs whose budget is included in the Annual General Appropriations Act.

SEC. 5. Accreditation. - The application for accreditation for the Senate, the House of Representatives, the Judiciary, and the Constitutional Offices shall be filed at the Office of the Secretary, the Secretary-General, the Supreme Court Clerk of Court, and the Office of the Chairman, respectively.

Each office shall prescribe its own application form, which shall conform to the eligibility criteria provided under this Act and incorporate the minimum required information prescribed by the Department of Budget and Management (DBM). The DBM-prescribed standards shall be adopted by all NGAs and GOCCs to ensure uniformity and consistency in the accreditation process. Each office shall make the prescribed application form publicly available, including through their official websites. For all other NGAs and GOCCs, the application for accreditation may be filed at their respective regional or central offices. The completed application shall be submitted together with the following supporting documents:

(1) Articles of Incorporation and By-Laws of the applicant CSO;

(2) Certificate of Registration and/or other such similar documents, issued by an appropriate government agency tasked to register civil society organizations, such as, but not limited to, the Securities and Exchange

Commission, Bureau of Labor Relations, Department of Human Settlements and Urban Development, Insurance Commission, and the Cooperative Development Authority.

(3) The list of officers, directors, trustees, and members;

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

(5) Full disclosure of the sources of fund, including grants and donations from foreign or domestic entities; and

(6) Full disclosure of service contracts with other NGAs, CSO, GOCC, private corporations, other CSOs, and other engagements which may result in conflict of interest.

These disclosures shall be submitted under oath and made publicly available through the websites of the concerned NGA or GOCC, subject to existing laws on data privacy and confidentiality.

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

No application shall be denied without due notice and hearing. The decision of the head of the concerned NGA or GOCC shall be rendered within twenty (20) working days from the time of the filing of the application. Failure to act upon the application within the prescribed period shall constitute automatic approval of the application for accreditation of the concerned CSO, and the issuance of a certificate of accreditation shall necessarily ensue.

SEC. 6. *Eligibility Criteria.* - To be accredited under this Act, a CSO must:

(1) Have at least three (3) years of demonstrated experience in civic engagement, public accountability, or development work;

(2) Have no record of administrative or criminal liability involving fraud, misrepresentation, or misuse of public funds;

(3) Be independent from any political party or government official;

(4) Have an identifiable sectoral, geographic, or thematic constituency;
and

(5) Be able to demonstrate capacity to engage in budget analysis and advocacy through existing projects, networks, or trained personnel.

SEC. 7. *CSO Participation.* - In the interest of transparency, CSO participation shall be a component in the preparation and authorization of the annual national budget. All NGAs and GOCCs shall be required to formulate and

adopt guidelines outlining the mechanism for the accreditation and active participation of the CSOs in the preparation and authorization of the annual national budget.

The DBM shall ensure that the NGA or GOCC has complied with the above-mentioned requirement.

Accredited CSOs, through their duly authorized representatives, shall be allowed to participate as resource persons in the budget hearings to be conducted by the appropriate Committees of each House of Congress, provided that they comply with the guidelines to be issued by both Houses of Congress.

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

SEC. 8. *Privileges and Incentives.* - An accredited CSO shall enjoy the following privileges and incentives:

(1) To have similar participation rights accorded to NGOs in the Local Development Councils pursuant to the provisions of RA No. 7160 otherwise known as the "Local Government Code of 1991", in setting the direction of economic and social development, coordinating development efforts within its territorial jurisdiction;

(2) Access to the documents prepared by the DBM for submission to Congress by the President as a basis for the General Appropriations Bill required under Article VII, Section 22 of the Constitution;

(3) To present written proposals on projects and activities of the government entities whose budget is under deliberation; and

(4) Immediate access to stenographic notes and committee reports released by both Houses, including the bicameral conference committee report. The bicameral conference committee meetings and all other meetings related or associated thereto shall be recorded and be made accessible immediately to promote transparency and to allow members of both Houses to easily determine how conflicting provisions in the proposed national budget were reconciled or resolved prior to the submission thereof for ratification by both Houses of Congress.

SEC. 9. *Sectoral Representation.* - To ensure inclusive and balanced participation, the accreditation and engagement of CSOs under this Act shall reflect sectoral diversity. At least thirty percent (30%) of accredited CSOs participating in the budget process at any level shall represent marginalized, disadvantaged, or underrepresented sectors, including but not limited to women, Indigenous Peoples, workers, youth, senior citizens, persons with disabilities, environmental groups, and consumer organizations.

The DBM, in coordination with relevant oversight agencies and CSO networks, shall issue guidelines to operationalize sectoral representation and verify constituency legitimacy.

SEC. 10. *Notice to CSOs.* - Notice to CSOs may be sent through electronic mail, facsimile machine, postal mail, and by posting at the website of the NGA or GOCC concerned. Any of the said modes of sending notices shall be deemed compliance to the requirements under Section 7(a) of this Act.

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

However, if the NGA or GOCC deems that the CSO has a conflict of interest with the work of such NGA or GOCC, the latter shall allow the applicant-CSO to explain and prove that the conflict of interest does not exist.

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

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

SEC. 13. *Non-Accredited CSOs.* - Non-accredited CSOs may still participate in the budget process by submitting position papers for the consideration of the NGA or GOCC and by attending and observing public consultations. They may be invited to expound on their critique or proposals when said institutions deem it fit. Nothing in this Act shall be construed to deprive non-accredited CSOs of the rights, privileges, and incentives accorded to them by the Constitution, existing laws, executive orders, rules and regulations, and other issuances.

SEC. 14. *Public and Timely Disclosure of Budget Documents and Other Related Data.* - For CSOs to participate in an informed manner, the NGA or GOCC shall post on their websites or other public posting areas, budget documents to which CSOs shall have access, as provided for under Section 7 of this Act.

Nothing in this Act shall be construed to delay or impair compliance with the timeline and procedural requirements for the enactment of the General Appropriations Act.

SEC. 15. *Ethics and Accountability Framework.* - The DBM shall prescribe the standard application form, minimum required information, and accompanying ethics and accountability requirements for CSO accreditation under this Act.

As part of these requirements, the DBM shall develop, in consultation with CSO networks, a Code of Conduct for participating CSOs and establish a Grievance Redress Mechanism to address violations, abuse of participation, or ethical misconduct.

Accredited CSOs shall commit to the Code of Conduct as a condition of participation. Breaches may result in suspension, revocation of accreditation, or blacklisting, subject to due process.

SEC. 16. *Penalties and Blacklisting.* - Any CSO found to have secured accreditation through fraud, misrepresentation, or concealment of material information, or to be acting as a front or proxy for any political actor, government official, or government contractor or supplier, shall be subject to the following penalties:

(1) Immediate revocation of accreditation and disqualification from participation in the national budget process for a period of five (5) years;

(2) Inclusion in a national blacklist and red-flag database, to be maintained by the DBM, in coordination with relevant accrediting agencies and oversight bodies;

(3) Referral for investigation to appropriate authorities if there is evidence of violation of anti-graft, procurement, or other applicable laws. The following acts shall be grounds for blacklisting or red-flagging:

(a) Acting as a dummy or proxy organization for a government official, elected representative, political party, public utility, or business entity engaged in procurement contracts, joint ventures, franchises, among other privileges with the national government;

(b) Engaging in undue lobbying or influence-peddling for the benefit of a public official or agency;

(c) Receiving or funneling funds from government agencies, suppliers, or contractors that compromise the independence of the CSO;

(d) Failure to disclose relationships, contracts, or funding sources that present a conflict of interest.

CSOs included in the blacklist may file a verified petition for delisting, subject to rules and evaluation procedures to be issued by the DBM.

SEC. 17. *Separability Clause.* - If any provision of this Act shall be declared invalid or unconstitutional, the remaining part or provisions not otherwise affected shall remain in force.

SEC. 18. *Repealing Clause.* - Any law, decree, ordinance, administrative circulars not consistent with any provision of this Act is hereby amended, repealed, or modified accordingly.

SEC. 19. *Effectivity Clause.* -This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,