COMMITTEE REPORT NO. 422

Submitted by the Committee on People’s Participation on AUG 17 2020

Re : House Bill No. 7407
Recommend its approval in substitution of House Bill No. 230

Sponsors : Representatives Florida “Rida” P. Robes, Alfred D. Vargas and Rosanna “Ria” Vergara

Mr. Speaker:

The Committee on People’s Participation to which was referred House Bill No. 230 introduced by Representative Alfred D. Vargas, entitled:

“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”

has considered the same and recommends that the attached House Bill No. 7407, entitled:

“AN ACT INSTITUTIONALIZING THE PARTICIPATION OF CIVIL SOCIETY ORGANIZATIONS IN THE ANNUAL NATIONAL BUDGET PROCESS AND PROVIDING EFFECTIVE MECHANISMS THEREFOR”

be approved in substitution of House Bill No. 230 with Representatives Alfred D. Vargas, Florida “Rida” P. Robes, Rosanna “Ria” Vergara, Yasser Alonto
Balindong, Solomon R. Chungalao, Macnell M. Lusotan, Gabriel H. Bordado, Jr. and Manuel DG. Cabochan III as authors thereof.

Respectfully submitted,

[Signature]

FLORIDA "RIDA" P. ROBES
Chairperson
Committee on People's Participation

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY
Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7407
(In substitution of House Bill No. 230)

Introduced by Representatives Alfred D. Vargas, Florida P. Robes, Rosanna “Ria” Vergara, Yasser Alonto Balindong, Solomon R. Chungalao, Macnell M. Lusotan, Gabriel H. Bordado, Jr. and Manuel DG. Cabochan III

AN ACT INSTITUTIONALIZING THE PARTICIPATION OF CIVIL SOCIETY ORGANIZATIONS IN THE ANNUAL NATIONAL BUDGET PROCESS AND PROVIDING EFFECTIVE MECHANISMS THEREFORE

Be it enacted by the Senate and House of Representatives 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.

Furthermore, Section 16, Article XIII of the Constitution states 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.

SEC. 3. Definition of Terms. As used in this Act:

(a) Accreditation refers to the registration process undertaken by CSOs with the national government agencies (NGAs) and government owned and controlled corporations (GOCCs) in order for them to be authorized to participate in the preparation of the annual national budget;
b) Accredited civil society organization refers to an organization described in paragraph (d) herein that has fulfilled the requirements set forth in Section 5 of this Act;

c) 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;

d) Civil society organization or CSO refers to a non-government organization (NGO), cause-oriented group, people’s organization, cooperative, trade union, professional association, faith-based organization, media group, indigenous people’s movement, which monitors government projects, engages in policy discussions, and actively participates in collaborative activities with the government;

e) 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 consideration of their participation in the national budget process;

f) Constructive engagement refers to a partnership between the government and counterpart CSOs marked by sustained dialogue towards problem solving while respecting and retaining the freedom to assert and advocate for reforms;

g) 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;

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

i) Participatory mechanisms refer to the means by which CSOs can participate 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 budgets are 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 with the Senate Secretary, the Secretary-General, the Supreme Court Clerk of Court, and the Office of the Chairpersons of the different Constitutional Offices, respectively. The application for accreditation for other NGAs and GOCCs may be filed at their respective central or regional offices. The application form shall be prescribed by each office and the application for accreditation shall be accompanied by the following documents:

a. Articles of Incorporation and By-Laws of the applicant CSO;
b. Certificate of Registration and other such similar documents, issued by an appropriate government agency tasked to register civil society organizations, such as the Securities and Exchange Commission, Bureau of Labor Relations, Housing and Land Use Regulatory Board, Insurance Commission, and the Cooperative Development Authority;
c. The list of officers, directors, trustees, and members;
d. Duly audited financial statements for the past three (3) years and duly stamped received by the Bureau of Internal Revenue and the Securities and Exchange Commission or the government registering agencies showing the assets, liabilities, sources of revenues and expenditures of the organization; and
c. Full disclosure of service contracts with other NGAs, CSOs, private corporations and other engagements which may result in conflict of interest.

Upon approval of the application, the head of the concerned NGA or GOCC shall issue the certificate of accreditation which shall be valid for three (3) years from the date of issuance. However, the certificate of accreditation issued by the Senate and the House of Representatives shall be valid for the entire term of the Congress under which such certificate of accreditation has been issued.

No application for accreditation shall be disapproved, except upon 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 filing of the application. Upon the lapse of fifteen (15) working days from the filing of application for accreditation, the certificate of accreditation shall be deemed automatically issued even if the application had not been acted upon.

SEC. 6. 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 mechanisms for the accreditation and active participation of the CSOs in
the preparation of the annual national budget. The DBM shall ensure that all NGAs and GOCCs comply 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.

Notwithstanding their participation in the budget hearings to be conducted by each House of Congress, 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. 7. Privileges and Incentives. An accredited CSO shall enjoy the following privileges and incentives:

a) 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, social and other coordinating development efforts in the national level;

b) To receive notices of meetings and participate as resource persons through duly authorized representatives in any regular and consultative public meetings, hearings, conferences, and dialogues on matters related to the preparation and authorization of the annual national budget;

c) To be allowed to observe bicameral meetings on the budget;

d) To have access to copies of the budget proposals submitted by NGAs or GOCCs to the DBM;

e) To provide position papers to the DBM on the budget proposal of NGAs or GOCCs submitted pursuant to the budget call;

f) To submit its own alternative or proposed budget or position paper to the both Houses of Congress;

g) To have access to issuances such as policy orders, circulars and memoranda that are related to the budget;

h) To have 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;

i) To present written proposals on projects and activities of the government entities whose budgets are under deliberation; and

j) To have access to stenographic notes and committee reports of both Houses including the conference committee report, subject to their respective Rules and related guidelines. The conference committee meetings and all other meetings related or associated thereto shall be
recorded and be made accessible immediately to promote transparency.

SEC. 8. Notice to CSOs. – Notice to CSOs may be sent through electronic mail, facsimile machine, postal mail, and the website of the NGA or GOCC concerned. Any of the said modes of sending notices shall be deemed compliance with the requirements under Section 7 (b) of this Act.

SEC. 9. 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 situation arises. However, if the NGA or GOCC deems that the CSO has a conflict of interest with its work or activity, the latter shall give the applicant-CSO an opportunity to explain and prove that the conflict of interest does not exist.

SEC. 10. Cancellation of Accreditation. Upon receipt of a verified and written complaint 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 on the complaint shall be deemed a dismissal thereof.

SEC. 11. 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 the rights, privileges and incentives accorded to them by the Constitution, existing laws, executive orders, rules, regulations, and other issuances.

SEC. 12. Public and Timely Disclosure of Budget Documents and Other Related Data. - In order for CSOs to participate in an informed manner, the NGAs or GOCCs 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.

SEC. 13. Penal Provisions.- Any private person who shall willfully restrain or prevent a representative of a CSO from exercising rights granted under this Act, or violate any provision hereof, shall suffer a penalty of suspension of one (1) month to three (3) months, or a fine of not less than Thirty thousand pesos (P 30,000) but not more than Fifty thousand pesos (P50,000), or both at the discretion of the court.

Any agency head or staff concerned who shall willfully restrain or prevent a CSO or a representative of a CSO, as well as academics and experts, and other individuals and organized stakeholders from involvement in participatory budgeting mechanisms stipulated under this Act, or violate the provisions hereof, shall suffer a
penalty of suspension of three (3) months to six (6) months if such person is a
government office or employee, whether elected or appointed, or a fine of not less than
Fifty thousand pesos (P50,000) but not more than One hundred thousand pesos
(P100,000), or both at the discretion of the court.

SEC. 14. 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. 15. Repealing Clause. - Any law, decree, ordinance, administrative
circular not consistent with any provision of this Act is hereby amended, repealed or
modified accordingly.

SEC. 16. Effectivity. - This Act shall take effect fifteen (15) days after its
publication in the Official Gazette or in a newspaper of general circulation.

Approved,
FACT SHEET

House Bill No. 7407
(In substitution of House Bill Number 230)

AN ACT INSTITUTIONALIZING THE PARTICIPATION OF CIVIL SOCIETY ORGANIZATIONS IN THE ANNUAL NATIONAL BUDGET PROCESS AND PROVIDING EFFECTIVE MECHANISMS THEREFOR

Introduced by: REPS. ALFRED D. VARGAS, FLORIDA “RIDA” P. ROBES, ROSANNA “RIA” VERGARA, YASSER ALONTO BALINDONG, SOLOMON R. CHUNGALAO, MACNELL M. LUSOTAN, GABRIEL H. BORDADO, JR. AND MANUEL DG. CABOCHAN III

Committee Referral : COMMITTEES ON PEOPLE’S PARTICIPATION AND APPROPRIATIONS
Committee Chairperson: REP. FLORIDA “RIDA” P. ROBES

OBJECTIVES:

- To institutionalize people’s participation in budget deliberations and make the budgeting process more participatory through the involvement of grassroots organizations

- To allow the exercise of the people’s right to participate in public decision-making and in the process, enhance accountability in the use of taxpayers’ money

KEY PROVISIONS:

- Mandates the Offices of the Secretary of the Senate, the Secretary General of the House of Representatives, the Supreme Court Clerk of Court, and the Office of the Chairman of the Constitutional Offices to process the application for accreditation of civil society organizations

- Requires the accreditation of civil society organizations (CSOs) with the national government agencies (NGAs) and government owned and controlled corporations (GOCCs) either at their respective central or regional office
• Requires all NGAs and GOCCs to formulate and adopt guidelines outlining the mechanism for accreditation and active participation of the CSOs in the preparation of the annual national budget

• Bestows on an accredited CSO the following rights and privileges:

  1. Have similar participation rights accorded to non-government organizations in the local development councils pursuant to the provision of Republic Act 7160, otherwise known as the “Local Government Code of 1991”;

  2. Submit its own alternative budget proposal or position paper and allow to observe at the budget deliberations and at the bicameral conference committee meetings;

  3. Gain access to the issuances such as policy orders, circulars and memoranda that are related to the budget and to the documents prepared by the DBM for submission to Congress by the President;

  4. Gain access to stenographic notes, committee reports and bicameral conference committee reports released by both Houses of Congress; and

  5. Present position papers or written proposals on projects and programs of the government entities whose budgets are under deliberation.

• Allows the sending of notices to CSOs through electronic mail, facsimile machine, postal mail and by posting at the website of the NGA or GOCC concerned

• Requires the applicant CSO to inform the NGA or GOCC of a conflict of interest in its work with the agency, if and when such situation arises

• Mandates the timely disclosure of budget documents and other related data by agencies in order for the CSOs to participate in the budget preparation in an informed manner

• Mandates the head of the NGA or GOCC to notify and serve a copy of the complaint to the CSO concerned before the action on cancellation of accreditation is acted upon

• Penalizes any person who shall violate the provisions of the measure with a penalty of suspension ranging from one (1) month to three (3) months, or a fine of Thirty thousand pesos (P30,000.00) to Fifty thousand pesos (P50,000.00), or both at the discretion of the court
• Penalizes any agency head or staff concerned who shall violate the provisions of this Act with a penalty of suspension ranging from three (3) months to six (6) months or a fine of Fifty thousand pesos (P50,000.00) to One hundred thousand pesos (P100,000.00), or both at the discretion of the court.

RELATED LAWS:

• Article XIII of the 1987 Constitution
• Local Government Code of 1991