



HOUSE OF REPRESENTATIVES

H. No. 7407

BY REPRESENTATIVES VARGAS, ROBES, VERGARA, BALINDONG, CHUNGALAO, LUSOTAN, BORDADO,
CABOCHAN, SY-ALVARADO, NIETO AND ARENAS, PER COMMITTEE REPORT NO. 422

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

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

1 **SECTION 1. Short Title.** – This Act shall be known as the “**People’s**
2 **Participation in the National Budget Process Act**”.

3 **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State to
4 facilitate the establishment of adequate consultation and feedback mechanisms to
5 promote meaningful and effective participation of civil society organizations (CSOs) in
6 the preparation and authorization of the annual national budget in order to ensure
7 that the annual appropriations will be an instrument of development that is reflective
8 of the national objectives, strategies and plans beneficial to the people.

9 Furthermore, Section 16, Article XIII of the Constitution states that the right of
10 the people and their organizations to effective and reasonable participation at all levels
11 of social, political and economic decision making shall not be abridged.

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

13 (a) **Accreditation** refers to the registration process undertaken by CSOs with
14 the national government agencies (NGAs) and government owned and
15 controlled corporations (GOCCs) in order for them to be authorized to
16 participate in the preparation of the annual national budget;

1 b) **Accredited civil society organization** refers to an organization described
2 in paragraph (d) herein that has fulfilled the requirements set forth in
3 Section 5 of this Act;

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

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

15 e) **Conflict of interest** refers to a condition which occurs when a CSO or any
16 of its key officers are involved in multiple interests that prevent an impartial or
17 unbiased consideration of their participation in the national budget process;

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

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

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

31 i) **Participatory mechanisms** refer to the means by which CSOs can
32 participate meaningfully and effectively in the government process of
33 formulating and authorizing an annual national budget that is responsive to
34 the needs of the different sectors in our society.

35 **SEC. 4. Coverage.** – This Act shall apply to all NGAs and GOCCs whose budgets
36 are included in the annual General Appropriations Act.

1

2 **SEC. 5. Accreditation.** – The application for accreditation for the Senate, the
3 House of Representatives, the Judiciary, and the Constitutional Offices shall be filed
4 with the Senate Secretary, the Secretary-General, the Supreme Court Clerk of Court,
5 and the Office of the Chairpersons of the different Constitutional Offices, respectively.
6 The application for accreditation for other NGAs and GOCCs may be filed at their
7 respective central or regional offices. The application form shall be prescribed by each
8 office and the application for accreditation shall be accompanied by the following
9 documents:

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

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

30 No application for accreditation shall be disapproved, except upon due notice
31 and hearing. The decision of the head of the concerned NGA or GOCC shall be
32 rendered within twenty (20) working days from the time of filing of the application.
33 Upon the lapse of fifteen (15) working days from the filing of application for
34 accreditation, the certificate of accreditation shall be deemed automatically issued
35 even if the application had not been acted upon.

36 **SEC. 6. CSO Participation.** – In the interest of transparency, CSO participation
37 shall be a component in the preparation and authorization of the annual national
38 budget. All NGAs and GOCCs shall be required to formulate and adopt guidelines
39 outlining the mechanisms for the accreditation and active participation of the CSOs in

1 the preparation of the annual national budget. The DBM shall ensure that all NGAs
2 and GOCCs comply with the above-mentioned requirement.

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

7 Notwithstanding their participation in the budget hearings to be conducted by
8 each House of Congress, the Committee on Appropriations of the House of
9 Representatives and the Committee on Finance of the Senate shall schedule one
10 hearing day for the presentation of the positions of accredited CSOs on the budget.

11 **SEC. 7. Privileges and Incentives.** – An accredited CSO shall enjoy the following
12 privileges and incentives:

- 13 a) To have similar participation rights accorded to NGOs in the Local
14 Development Councils pursuant to the provisions of RA No. 7160
15 otherwise known as the “Local Government Code of 1991” in setting
16 the direction of economic, social and other coordinating development
17 efforts in the national level;
- 18 b) To receive notices of meetings and participate as resource persons
19 through duly authorized representatives in any regular and
20 consultative public meetings, hearings, conferences, and dialogues on
21 matters related to the preparation and authorization of the annual
22 national budget;
- 23 c) To be allowed to observe bicameral meetings on the budget;
- 24 d) To have access to copies of the budget proposals submitted by NGAs
25 or GOCCs to the DBM;
- 26 e) To provide position papers to the DBM on the budget proposal of
27 NGAs or GOCCs submitted pursuant to the budget call;
- 28 f) To submit its own alternative or proposed budget or position paper to
29 the both Houses of Congress;
- 30 g) To have access to issuances such as policy orders, circulars and
31 memoranda that are related to the budget;
- 32 h) To have access to the documents prepared by the DBM for
33 submission to Congress by the President as a basis for the General
34 Appropriations Bill required under Article VII, Section 22 of the
35 Constitution;
- 36 i) To present written proposals on projects and activities of the
37 government entities whose budgets are under deliberation; and
- 38 j) To have access to stenographic notes and committee reports of both
39 Houses including the conference committee report, subject to their
40 respective Rules and related guidelines. The conference committee
41 meetings and all other meetings related or associated thereto shall be

1 recorded and be made accessible immediately to promote
2 transparency.

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

7 **SEC. 9. Conflict of Interest.** – It is the responsibility of the CSO to inform the
8 NGA or GOCC of a conflict of interest in their work with the concerned agency, if and
9 when such situation arises. However, if the NGA or GOCC deems that the CSO has a
10 conflict of interest with its work or activity, the latter shall give the applicant-CSO an
11 opportunity to explain and prove that the conflict of interest does not exist.

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

19
20 **SEC. 11. Non-Accredited CSOs.** – Non-accredited CSOs may still participate in
21 the budget process by submitting position papers for the consideration of the NGA or
22 GOCC and by attending and observing public consultations. They may be invited to
23 expound on their critique or proposals when said institutions deem it fit. Nothing in
24 this Act shall be construed to deprive non-accredited CSOs the rights, privileges and
25 incentives accorded to them by the Constitution, existing laws, executive orders, rules,
26 regulations, and other issuances.

27
28 **SEC. 12. Public and Timely Disclosure of Budget Documents and Other**
29 **Related Data.** – In order for CSOs to participate in an informed manner, the NGAs or
30 GOCCs shall post on their websites or other public posting areas, budget documents to
31 which CSOs shall have access, as provided for under Section 7 of this Act.

32
33 **SEC. 13. Penal Provisions.** – Any private person who shall willfully restrain or
34 prevent a representative of a CSO from exercising rights granted under this Act, or
35 violate any provision hereof, shall suffer a penalty of suspension of one (1) month to
36 three (3) months, or a fine of not less than Thirty thousand pesos (P 30,000) but not
37 more than Fifty thousand pesos (P50,000), or both at the discretion of the court.

38
39 Any agency head or staff concerned who shall willfully restrain or prevent a
40 CSO or a representative of a CSO, as well as academics and experts, and other
41 individuals and organized stakeholders from involvement in participatory budgeting
42 mechanisms stipulated under this Act, or violate the provisions hereof, shall suffer a

1 penalty of suspension of three (3) months to six (6) months if such person is a
2 government office or employee, whether elected or appointed, or a fine of not less than
3 Fifty thousand pesos (P50,000) but not more than One hundred thousand pesos
4 (P100,000), or both at the discretion of the court.
5

6 **SEC. 14. Separability Clause.** – If any provision of this Act shall be declared
7 invalid or unconstitutional, the remaining part or provisions not otherwise affected
8 shall remain in force.
9

10 **SEC. 15. Repealing Clause.** – Any law, decree, ordinance, administrative
11 circular not consistent with any provision of this Act is hereby amended, repealed or
12 modified accordingly.
13

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

Approved,