

Comments on **House Bill No. 230**, authored by Cong. Alfred Vargas of the 5th District, Quezon City, entitled: “*An Act Institutionalizing the Participation of Civil Society Organizations (CSOs) in the Preparation and Authorization Process of the Annual National Budget, Providing Mechanisms Therefore, and for Other Purposes*”; and **House Bill No. 832**, authored by Cong. Gabriel H. Bordado, Jr. of the 3rd District, Camarines Sur, entitled, “*An Act Creating a System of Partnership Between Local Governments and Civil Society Organizations through the Establishment of a People’s Council in Every Local Government Unit, Prescribing its Powers and Functions*”

Prepared by Charlotte Justine D. Sicat¹
25 September 2019

I. General Remarks:

1. Involving people’s organizations (PO) and civil society organizations (CSO) in development planning and budgeting is crucial to ensuring a government that is responsive to their constituents. **There are already several formal mandates and mechanisms existent such as provisions in the Local Government Code of 1991 and policy issuances and guidelines of national government planning, budgeting and supervisory agencies that recognize the importance of consultations with POs and CSOs (Tables 1 and 2).**
2. National government planning such as for the Philippine Development Plan (PDP) and budget fora on annual national budget calls involve and encourage participation of POs and CSOs (Table 1 and 2).
3. There is also evidence of challenges in engaging and outcomes associated with POs and CSOs in recent programs that involved creating a new governmental structure to encourage PO/CSO participation in the Philippines. These could be reasons why it may be more beneficial to work within the current laws such as the Local Government Code of 1991:
 - a. Aseron (2019) commented that: “The [Bottom-up Budgeting] program had a clear political reform agenda: disrupt local elite control over budgeting by empowering civil society. The BuB aimed to reconfigure power relations at the local level by being a mechanism for civil society participation in the budgeting process. Such a mechanism was supposed to empower civil society by giving citizens a voice on public spending, ensuring that projects undertaken by government were those that responded to felt-needs of communities and citizens.”
 - b. According to Aseron (2019): “Philippine BuB opted to superimpose a new mechanism, bypassing existing mandated local participatory processes such as LDCs or long-standing national government programs” and since BuB existed within the same context as that of mandated local participatory bodies this made

¹ Asst. Prof. Charlotte Justine D. Sicat, Ph.D., Research Fellow, Philippine Institute for Development Studies (PIDS). I would like to acknowledge the assistance of Ms. Ma. Alma Mariano and Ms. Angel Faye Castillo.

BuB susceptible to the same problems that the other mechanisms or programs (which were intended to be bypassed) would confront.

- c. There were also limitations in local CSO engagement:
 - i. Aceron (2019) argues that BuB had difficulty in engaging a wide range of CSOs. The main CSOs involved were service-providing civil society groups, including networks that were politically aligned with the coalition in power, rather than more independent advocacy groups focused on oversight or those with a more contentious background, such as groups from social movements.
 - ii. Furthermore, citing Balajadia (2017) “There were very few CSOs with a “developmental framework”, by which he seems to mean CSOs that are ideological or with a clear agenda to effect systems change (Aceron 2019, 4). While this reality was well recognized at the top, the civil society groups participating in the program were not well prepared for such a highly contested reform process (Aceron 2019).
 - iii. A study on CSO – LGU engagement in 2013 investigates on how CSOs can be effectively harnessed for local government reforms and found that CSO Accreditation fosters exclusivity as it has deprived many legitimate but unregistered organizations of opportunities to express opinions on essential local issues. (Ragrario, 2013).
- d. In addition, the process of the approval of projects became long and tedious under this new structure because of the many players involved in the process and in the “recentralization” of power (Aceron 2019).
- e. The other common problem raised about BuB was whether civil society proposals ended up getting the funds and being implemented. Because of the long process and the slow delivery, this was hardly assured. The monitoring system of BuB did not gather data on this, but the most recent PIDS study (Manasan et al. 2017). Shows the percentage of CSO-identified projects in the LPRAP. It shows that there were local plans that did not have CSO-identified projects: 6.3 percent of LGUs in 2015 and 4.1 percent in 2016. However, 66 percent and 69 percent of LGUs (in 2016 and 2015 respectively) had LPRAPs with between 50 percent and 100 percent CSO-identified projects.
- f. Finally, Aceron (2019) documented the findings from recent studies looking at why participatory bodies in local government remain weak and under-performing. Identified reasons are mostly, supply side problems, the lack of sanction for non-compliance with participation requirements, intervention by local chief executives; and, LGUs creating their own NGOs and challenges in LGU accreditation. (Aceron 2019)

II. House Bill No. 230 authored by Cong. Alfred Vargas of the 5th District, Quezon City, entitled: *“An Act Institutionalizing the Participation of Civil Society Organizations (CSOs) in the Preparation and Authorization Process of the Annual National Budget, Providing Mechanisms Therefore, and for Other Purposes”*

1. The proposed HB 230 seeks to institutionalize the participation of Civil Society Organizations (CSOs) in the preparation and authorization process of the Annual Budget to ensure that the annual budget appropriations is reflective of the national objectives, strategies and plans that would benefit the people.
2. The Bill proposes for accreditation of CSOs in all the different types of government agencies: such as National Government Agencies, Constitutional Offices, Senate, House of Representatives, Judiciary and the Government-Owned and Controlled Corporations. Application for accreditation may be filed in the respective offices, along with (a) Articles of Incorporation, (b) Certificate of Registration; (c) list of officers, directors, trustees and members, (d) audited financial statements; and € full disclosure of sources of funds. Reglementary period of review for concerned NG agency shall be within 20 working days. The requisite Certificate of Accreditation shall be issued for the purpose upon approval of accreditation, which will have a validity of three (3) years.

Duly accredited CSOs shall have the following participation/privileges:

- a. Budget preparation – All NGAs shall be required to formulate and adopt guidelines on accreditation of CSOs. DBM shall ensure that this is complied with. CSOs shall receive notices and participate as resource persons as well as access to copies of budget proposals, policy orders, memoranda, other submitted documents sent by the DBM to Congress. In turn, CSOs shall provide position papers to DBM, and may be allowed to submit its own proposed budget
 - b. Budget authorization – All CSOs shall be allowed to participate as resource persons in budget hearing in both Houses, and allowed to observe budget deliberations at the bicameral conference. The respective Committees shall set aside a day in discussing the positions of accredited CSOs in the budget.
3. **Existing practices in budget preparation already prescribe CSO participation.** Per latest DBM Budget Call for FY 2020, agencies are expected to have consultations with CSOs, RDCs, among others, for the month of February, as contained in the Budget Preparation Calendar. Please see item 4.ii on page 77 of NBM 131. (DBM, 2019)

Since 2011, DBM issued National Budget Memoranda to prescribe the engagement/consultation of CSOs in various agencies budget preparation process. Various agencies similarly, issued corresponding issuance in compliance to the DBM NBMs. (DSWD, DILG, etc). With this we could deduce that there are efforts from the national government to in effect institutionalize CSO participation in respective agencies budget preparation.

4. **Existing practices in budget legislation allow CSO observance.** The schedule of budget hearings in Congress and Senate are available to the public through their respective websites: <http://www.congress.gov.ph/commsched/> and https://www.senate.gov.ph/notice_ctte.asp. However, as a matter of protocol, bicameral conference meetings are not available to the public since it is a mechanism for reconciling bills in both houses of Congress.
5. In Section 3, item b. the sentence is not complete on the definition of accredited CSOs.
6. **Challenges in multiple accreditation of CSOs and alignment with current accreditation practices for various national government agencies.** The Bill does not say who should be the repository of accredited CSOs in all government bodies. Likewise, what are the implications of a CSO that is accredited to multiple agencies, will the accreditation of one agency be acknowledged by other agencies? Furthermore, Sec. 11 in the Bill is unclear on the difference of accredited and non-accredited CSOs.
7. The Bill places the responsibility of identifying conflict of interest to the CSOs. (Section 9). The respective agency, however, should make the appropriate background check to establish the veracity of such claims.

Table 1. Existent National Budget Preparations policies prescribing PO and CSO participation

Policy	Description
Principles of DBM-CSO Engagement (2010)	<p>The following are the Principles of Constructive Engagement towards sustainable and equitable national development through reforms in public expenditure management that were adopted by the DBM and CSOs:</p> <ul style="list-style-type: none"> - Transparency - Accountability - Integrity - Partnership - Consultation and mutual empowerment - Respect for internal processes - Sustainability - National interest
<p>NBM No. 109 (2011): Guidelines on Partnership with Civil Society Organizations and other Stakeholders in the Preparation of Agency Budget Proposals</p> <p>NBC No. 536 (2012):</p>	<p>These documents provide guidelines on citizen participation as a component of the National Government's budget process. It allows for CSOs to participate in NGA/GOCC's preparation of budget proposals by assessing, evaluating or by giving recommendations through consultations.</p>

Policy	Description
<p>Guidelines on Partnership with Civil Society Organizations and other Stakeholders in the Preparation of Agency Budget Proposals</p> <p>NBC No. 539 (2012): Guidelines on Partnership with Civil Society Organizations and Other Stakeholders in the Execution of the Agency Budget</p> <p>NBM No. 115 (2012): Policy Guidelines and Procedures in the Preparation of the FY 2014 Budget Proposals</p>	
<p>DILG MC No. 2018-89: Guidelines on Engagements with Civil Society Organizations</p>	<p>Civil Service Organizations (CSOs) may engage with the DILG in the following areas:</p> <ul style="list-style-type: none"> - Feedbacking on programs and projects - Pushing for various advocacies - Formulating plans, policies and issuances - Implementing capacity development programs and other activities <p>Types of engagement with CSOs:</p> <ul style="list-style-type: none"> - Voluntary Work - Voluntary work with cost - Provider of goods and/or services
<p>DSWD MC No. 07 (2012): Framework on the Engagement with Civil Society Organizations on the Implementation of the Department of Social Welfare and Development's Social Protection Programs</p>	<p>The DSWD aims to institutionalize CSO participation in its social protection programs. This partnership between is guided by the engagement framework of <i>Gabay, Tulay and Kaagapay</i>.</p>

SOURCE: Author's compilation

III. House Bill No. 832 authored by Cong. Gabriel H. Bordado, Jr. of the 3rd District, Camarines Sur, entitled, *“An Act Creating a System of Partnership Between Local Governments and Civil Society Organizations through the Establishment of a People’s Council in Every Local Government Unit, Prescribing its Powers and Functions”*

1. The proposed HB 832 seeks to create a system of partnership between local government units and civil society organizations through the establishment of a People’s Council in every local government unit.
2. The Bill is aligned with the Philippine Development Plan 2017-2022 touching on ensuring people-centered, clean and efficient governance through fully engaged and empowered citizens.
3. **The Local Government Code of 1991 already has provisions for each level of local government to establish a municipal, city and provincial council “whose purpose is the promotion of culture and the arts, coordinate with government agencies and non-governmental organizations and, subject to the availability of funds, appropriate funds for the support and development of the same,”** Sec. 447(5)(xvi), Sec. 458(5)(xvii) and Sec. 468(5)(viii), respectively. It might be beneficial to establish that these provisions in the Local Government Code of 1991 have not yet been utilized or deemed unsuccessful before exploring new legislation (as in Secs. 8 and 13 of HB No. 832) that may repeal said Code.
4. **In addition, CSOs already have formal roles in local development.** Secs. 106 to 114 of the Local Government Code of 1991 provides a role for nongovernmental organizations and should only account for one-fourth (¼) of total membership in the respective development councils. Furthermore,
 - a. A recently conducted Baseline Study for the LGSF-AM, shows evidence of civil society participation in the development planning process (interviewed 1,356 CSOs out of the 1,373 respondent municipalities).
 - b. DILG MC 2018-89, puts in place the guidelines in engagement with CSOs, including accreditation.
5. In Section 14, the Bill was silent as to whose responsibility it is to check on the non-partisan nature of the local and provincial people’s council, and the corresponding sanctions once found that this provision is violated.
6. Section 17, Funding states, “The funds needed for the capacity building of CSOs shall be included in the annual budget of the DILG.” It is unclear why the capacity building should be funded by the national government, through the DILG, and for what purpose when it is specified in the Bill that the CSOs should have constitution, by-laws and/or articles of incorporation specific sectors and are required to show proof of activities held in pursuit of developmental objectives or of organizational activities conducted as well as

program of activities for the year following the date of application for registration. The registration requirements in the Bill presume and organized and planned CSO.

7. Section 17, Funding states “The funds necessary for the maintenance and operational expenses of the Local People’s Council, in relation to participation in local governance, shall be included in the annual budgets of respective LGUs,” is relatively consistent with the provisions in Sec. 447(5)(xvi), Sec. 458(5)(xvii) and Sec. 468(5)(viii) that the respective council shall “subject to the availability of funds, appropriate funds for the support and development of the same (non-governmental organizations).”

Table 2. Local Budget Preparations

Policy	Description
Local Government Code of 1991	In Sections 106 and 107, it is stated that not less than one-fourth (1/4) of the total members of the Local Development Council (provincial, municipal or barangay) shall be composed of representatives of nongovernmental organizations operating in their respective areas.
LBC No. 106 (2015): Handbook on the Participation of Civil Society Organizations in the Local Budget Process	This circular encourages all provinces, cities and municipalities to adopt the Handbook on the Participation of Civil Society Organizations in the Local Budget Process. It allows for the CSOs to be engaged in all phases of the budget process, which is divided in 5 phases namely: (1) Budget Preparation; (2) Budget Authorization; (3) Budget Review; (4) Budget Execution and (5) Budget Accountability.
LBC No. 112 (2016) Budget Operations Manual for Local Government Units (BOM for LGUs), 2016 Edition	Outlines the methods, techniques and procedures in the local budget operations. This BOM also highlighted the roles of the CSOs in all phases of the budgeting process, as also stated in the Handbook on the Participation of Civil Society Organizations in the Local Budget Process.

The BUB was also seen as a bypassing the local participatory mechanism as cited in the LGC, in the budgetary process. It reversed its objective of opening up participatory institutions with the bureaucratic central budget preparation process. (Aceron, Pitfalls of Aiming to Empower the Bottom from the Top: The Case of Philippine Participatory Budgeting (No. 4) 2019)

A PIDS evaluation assessment study on the BUB program (Manasan, Adaro and Tolin 2017) shows that there were local plans that did not have CSO-identified projects: 6.3 percent of LGUs in 2015 and 4.1 percent in 2016.

References:

- Aceron, Joy. 2019. *Pitfalls of Aiming to Empower the Bottom from the Top: The Case of Philippine Participatory Budgeting (No. 4)*. Accountability Working Paper, Government Watch and Accountability Research Center.
- Department of Budget and Management. 2015. "LBC No. 106." *Handbook on the Participation of Civil Society Organizations in the Local Budget Process*. Manila.
- . 2016. "LBC No. 112." *Budget Operations Manual for Local Government Units (BOM for LGUs), 2016 Edition*. Manila.
- . 2012. "NBC No. 536." *Guidelines on Partnership with Civil Society Organizations and other Stakeholders in the Preparation of Agency Budget Proposals*. Manila.
- . 2012. "NBC No. 539." *Guidelines on Partnership with Civil Society Organizations and Other Stakeholders in the Execution of the Agency Budget*. Manila.
- . 2012. "NBM No. 115." *Policy Guidelines and Procedures in the Preparation of the FY 2014 Budget Proposals*. Manila.
- . 2019. "NBM No. 131." *National Budget Call for FY 2020*. Manila : DBM, February 26.
- . 2011. "NMB No. 109." *Guidelines on Partnership with Civil Society Organizations and other Stakeholders in the Preparation of Agency Budget Proposals*. Manila: DBM.
- . 2010. "Principles of DBM-CSO Engagement." *dbm.gov.ph*. September 3. Accessed September 23, 2019. <https://www.dbm.gov.ph/wp-content/uploads/Issuances/2011/Corporate%20Budget%20Memorandum/CBM31/DBM-CSO.pdf>.
- Department of Social Welfare and Development. 2012. "MC No. 07." *Framework on the Engagement with Civil Society Organizations on the Implementation of the Department of Social Welfare and Development's Social Protection Programs*. Quezon City: DSWD.
- Department of the Interior and Local Government. 2018. "MC No. 2018-89." *Guidelines on Engagements with Civil Society Organizations*. Quezon City.
- Manasan, Rosario Catharine Adaro and Lovely Ann Tolin. 2017. "DP 2017-53." *Assessment of the BUB Program: Improving Access of Local Communities to Basic Services and Strengthening Social Capital*. Quezon City: PIDS, January 4.
- Ragrario, Juan Mayo. 2019. *A Study on Civil Society - Local Government Engagement Towards Transparency, Accountability and Responsiveness in Governance*. Academia, May 24.
- Republic of the Philippines. 1991. "Republic Act No. 7160." *Local Government Code of 1991*.