

**[ DBM NATIONAL BUDGET CIRCULAR NO. 539  
MARCH 21, 2012, March 21, 2012 ]**

**GUIDELINES ON PARTNERSHIP WITH CIVIL SOCIETY  
ORGANIZATIONS AND OTHER STAKEHOLDERS IN THE  
EXECUTION OF THE AGENCY BUDGET**

FOR : ALL HEADS OF DEPARTMENTS, AGENCIES, BUREAUS, OFFICES, COMMISSIONS, STATE UNIVERSITIES AND COLLEGES, GOVERNMENT-OWNED AND/OR CONTROLLED CORPORATIONS, OTHER INSTRUMENTALITIES OF THE NATIONAL GOVERNMENT AND ALL OTHERS CONCERNED

SUBJECT: GUIDELINES ON PARTNERSHIP WITH CIVIL SOCIETY ORGANIZATIONS AND OTHER STAKEHOLDERS IN THE EXECUTION OF THE AGENCY BUDGET

**1.0 Purposes**

- 1.1 To progressively broaden the constructive partnership with Civil Society Organizations (CSOs) consistent with the Principles of Engagement as agreed upon and signed by the Department of Budget and Management (DBM) and some CSOs on September 3, 2010; and
- 1.2 To provide guidelines on citizen participation as a component of the National Government's budget process particularly in the execution of an agency's budget.

**2.0 Coverage**

- 2.1 All National Government Agencies (NGAs), State Universities and Colleges, Government-Owned and/or Controlled Corporations (GOCCs), and other instrumentalities of the National Government shall be covered by this Memorandum.
- 2.2 For FY 2012 Budget Execution, consultation with CSOs and other stakeholders shall cover the following selected NGAs and GOCCs under National Budget Memorandum (NBM) 109 dated February 17, 2011:

Department of Agrarian Reform (DAR)  
Department of Agriculture (DA)  
Department of Education (DepEd)  
Department of Health (DOH)  
Department of Public Works and Highways (DPWH)  
Department of Social Welfare and Development (DSWD)  
National Food Authority (NFA)

National Housing Authority (NHA)  
National Home Mortgage Finance Corporation (NHMFC)/  
Social Housing Finance Corporation (SHFC)

- 2.3 Additional NGAs and GOCCs under National Budget Circular 536, Series of 2012 shall be covered in 2013 while others shall be covered in succeeding years to be identified in subsequent issuances.
- 2.4 However, these other NGAs/ GOCCs may also establish partnership with CSOs and other stakeholders during the execution phase of their budgets, which to the extent possible, shall be subject to these guidelines.

### **3.0 Definition of Terms**

For purposes of this Memorandum, the following terms shall have the following significance:

- 3.1 Affiliate CSOs- CSOs entering into formal collaboration with a Partner CSO, which collaboration enables the Partner CSO to expand the scope of its budget monitoring and evaluation under the Budget Partnership Agreement (BPA).
- 3.2 Bottom-Up Budgeting an approach in formulating the budget proposal of agencies, taking into consideration the development needs of poor municipalities and cities as identified in their respective local development plan and/or local anti-poverty action plan formulated with the meaningful participation of CSOs.
- 3.3 Budget Partnership Agreement (BPA)- A formal agreement entered into by an NGA/GOCC and a Partner CSO defining the roles, duties, responsibilities, schedules, expectations and limitations with regard to implementing the CSOs participation in budget preparation, execution, monitoring and evaluation of specific programs/activities/ projects (P/A/Ps) of the Partner NGA/GOCC.
- 3.4 Budget Execution- The phase in the budget cycle where financial resources made available to an agency are utilized to implement programs and projects for which they were approved under the annual General Appropriations Act (GAA) which may start with pre-implementation activities prior to a current year. For this purpose, a Partner CSO may participate in monitoring the implementation of programs and projects vis-a-vis budget releases and expenditures made, and in conducting impact analysis of P/ A/Ps and procurement activities
- 3.5 Citizen Participation- A democratic process involving people empowerment, whereby concerned citizens organized as CSOs,

pursue their legitimate and collective interests by monitoring effectiveness of P/A/Ps and in so doing become partners of the Government in the formulation, monitoring, evaluation and improvement of the national budget.

- 3.6 Civil Society Organizations (CSOs)- Include non-government organizations (NGOs), 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, to monitor government programs and projects, engage in policy discussions, and actively participate in collaborative activities with Government.
- 3.7 Conflict of Interest- A condition which occurs when a CSO or any of its key officers are involved in multiple interests,-which prevents an impartial or unbiased attitude toward the work to be done in relation to the BPA.
- 3.8 Constructive Engagement- A partnership between Government and partner CSO marked by sustained dialogue towards problem solving while respecting and retaining the focus on assertion to reforms.
- 3.9 Partner CSO- The CSO which is the partner of an NGA/GOCC in the BPA. Conversely, a CSO which is not a partner of an NGA/GOCC in a BPA shall be termed a Non-Partner CSO
- 3.10 Stakeholders- Persons or organizations that can significantly affect, be affected by, or perceive themselves to be affected by a government decision or activity or have interest on or can influence the effective performance of a particular P/A/P of an NGA/ GOCC.
- 3.11 Zero-based Budgeting- A budgeting approach which involves the review/evaluation of major ongoing programs and projects implemented by different departments/agencies in order to: a) establish the continued relevance of programs/projects given the current developments/ directions; b) assess whether the program objectives/outcomes are being achieved; c) ascertain alternative or more efficient or effective ways of achieving the objectives; and d) guide decision makers on whether or not the resources for the program/project should continue at the present level or be increased, reduced or discontinued.

#### **4.0 Adherence to the Principles of DBM-CSO Engagement**

- 4.1 The parties to the BPA shall at all times adhere to the DBM-CSO Principles of Engagement, which are reiterated below:
  - 4.1.1 Transparency- provide all parties as well as the general

public, timely access to relevant and verified information/data subject to the limits of the law;

4.1.2 Accountability- abide by the policies, standards and guidelines of engagement that may be agreed upon, and fulfill commitments;

4.1.3 Integrity- adhere to moral and professional standards in fulfilling commitments;

4.1.4 Partnership- cooperate and share responsibilities to ensure that the objectives of the engagement are achieved;

4.1.5 Consultation and mutual empowerment- enhance knowledge sharing and continuing dialogue;

4.1.6 Respect for internal processes- understand and abide by the limitations of the stakeholders with respect to the nature of the information to be disclosed and the extent of involvement based on institutional/legally imposed limitations;

4.1.7 Sustainability- Ensure continuing engagement by instituting progressive policies and operational mechanisms that will promote an environment of mutual trust; and

4.1.8 National interest- Uphold the national welfare above the interest of organizations or individuals.

4.2 Clarification on the abovesited principles and additional principles as may be mutually agreed upon by NGA/GOCC with the Partner CSO may be incorporated in the BPA.

## **5.0 Partnership with CSOs**

5.1 Citizen participation during the execution of the NGAs/GOCCs budget shall be implemented through a BPA.

5.2 The NGAs/GOCCS may maintain their Partner CSO and other stakeholders already identified during the preparation of their budget proposal or engage other CSOs and other stakeholders. Existing partners may amend to expand the coverage of their BPA to avoid having to execute another BPA.

5.3 The NGAs/GOCCs shall ensure that proper screening has been undertaken in the engagement of partner CSOs and other stakeholders for budget execution.

5.3.1 Invitation to CSOs

5.3.1.1 The DBM shall publish in its website and through press releases invitations for CSOs and other stakeholders to participate in the execution phase.

5.3.1.2 The NGAs/GOCCs shall widely disseminate the DBM invitation to existing and prospective CSO partners and shall prominently post the DBM invitation on their website.

#### 5.4 Eligible Partner CSOs

##### 5.4.1 Eligibility Requirements

5.4.1.1 Must have monitored, assessed and evaluated particular ongoing P/A/Ps of an NGA/GOCC, to be supported by duly substantiated findings, assessments or evaluation.

5.4.1.2 For CSOs who have no prior monitoring engagement with NGAs/GOCCs, they must monitor ongoing P/A/Ps relevant to their advocacies.

5.4.2 Partner CSOs shall submit the following supporting documents to be able to enter into a BPA with an NGA/GOCC:

5.4.2.1 The following proofs of existence:

- Copy of Articles of Incorporation registered with the Securities and Exchange Commission or other similar documents registered with the Cooperative Development Authority, Department of Labor and Employment or Housing and Land Use Regulatory Board or proof of existing partnership with an NGA/GOCC; and
- As necessary, copy of the duly executed Affiliation Agreement between the Partner CSO and Affiliate CSOs, and copies of the covering Board Resolutions from both Partner and Affiliate CSOs.

5.4.2.2 Board Resolution adopting and officially submitting to the Partner NGA/ GOCC the following original or duly certified true copies of the following:

- Letter of Intent for the partnership;