

Dependence or Self-Reliance?: The Philippine NGO Experience

Diana J. Mendoza*

Introduction

The sociopolitical significance of nongovernmental organizations (NGOs)¹ in the developing countries has received considerable attention from academic and development circles and among donors. When the top-down "blueprint" approach of the public sector fell into ill-repute, funding increased for NGOs beginning in the late 1960s.² The debt crisis of the 1980s and the dramatic increase in poverty which followed from its wake triggered international response on a massive scale. International NGOs expanded their levels of operations to cover more countries.³

"Rolling back the state" where it has become overextended also gave greater prominence to NGOs and the private sector. The "good governance" debate has also highlighted the need for pluralism and a prominent citizens' voice in national development planning which NGOs can contribute to in many ways including the promotion of participatory development.⁴ Moreover, NGOs had gained a reputation for innovation, for promoting local participation and for reaching the poor. Thus in the 1980s, major donors such as the United States Agency for International Development (USAID) and the World Bank, turned increasingly to NGOs as flexible and inexpensive instruments for their development activities. Funding through NGOs increased substantially and consequently the sector has experienced explosive growth.⁵

NGOs' dependence on external funding, however, makes them highly vulnerable to sudden and erratic shifts in the sociopolitical and economic environment. At present, NGOs particularly in the Philippines find themselves with developmental aid gradually drying up while the problem of impoverishment continues. A "donor-fatigue" situation from funding institutions abroad has affected the social development industry. This donor-fatigue situation was caused

*Instructor of Political Science, Ateneo de Manila University, Loyola Heights, Quezon City.

by the priority reallocation of official development assistance (ODA) and grant funds to Eastern European countries and the calamity-stricken areas. Industrialized countries have begun to shift attention from Asian countries to the emerging democracies in Eastern Europe.⁶

While the increased funding facilitated significant enlargement of NGO activities, the drying up of development assistance may distort the pace and process of NGO development. For instance, it can trigger a more intense competition over scarce resources. Already, the drying up of development assistance had resulted in intense competition among NGOs even among those who belong to the same network. Many progressive NGOs came in direct competition with the more mainstream ones in terms of funding.⁷ It may also exacerbate the existing polarization between government and NGOs especially now that the latter are getting more favorable attention from donor agencies, whether private or public.⁸

The drying up of development assistance also raises the issue of sustainability of NGOs, i.e., whether NGOs can remain viable after external support ceases.

In principle, the task of NGOs is to intervene in the area of impoverishment and slowly and gradually build self-reliant and sustainable institutions that are accountable to the people,⁹ rather than to become self-reliant and sustainable themselves. NGOs have a temporary role to play and should know when to quit the area, or else they stand the risk of confusing development with the preoccupation of self-development. NGOs are temporary structures and once the task has been achieved, they should be able to quit.¹⁰

However, with the problem of widespread poverty not only in the Philippines but also in the entire Third World, NGOs find themselves in an enduring role of providing assistance to continuing impoverished communities. NGOs, however, cannot continuously rely on foreign donations. Eventually, they have to incorporate into their organizations a kind of entrepreneurial activity to complement donations (if they are still coming) to support their projects.¹¹

Furthermore, the development of self-reliance among beneficiaries eventually takes a substantially long process requiring more than temporary interventions, long-term structures, and sustained financing. Thus, if NGOs aim for a structural or transformative intervention, they must think not in terms of a temporary intervention, but rather in terms of institutionalizing themselves

and their functions. In assuming this role, NGOs must address the need to organize their own governance structures and deal with the issue of sustained financing.¹²

While interest in NGOs has been largely focused on NGOs' claim for organizational effectiveness as promoters of empowerment among the poor and as educators and advocates for structural changes, this paper focuses on issues that emanate from the nature of financial support for NGOs. Thus far, only a few studies on NGOs have been critical and rigorous as those devoted to the functioning of the state and the private sector with which they often compare. Although previous studies on NGOs remain significant, they have failed to take into account that it is the structure of financial support which executives must deal with to maintain their organizations.

This paper aims to study NGOs in the process of gaining sustainability in the face of continuing impoverishment despite ongoing interventions and the odds of inadequate funding which somehow signals a gradual fading out of international funding in order to shed light on the issues which arise when we ask why NGOs should receive as much support as they do and whether a more critical approach to the way they operate might produce better results. Sustainability refers to the ability of the NGO to remain viable after external support ceases.

Specifically, this paper explores the issue of whether the NGO community, now accustomed to external assistance, can financially sustain the initiatives begun over the past years once foreign assistance is terminated. To what extent must an NGO depend on foreign assistance? What are the problems that confront NGOs given the situation of excessive reliance on foreign funds and how do NGOs respond to these problems? What would be the best alternative/s to foreign grants?

Case studies on two NGOs in the country — the Philippine Business for Social Progress (PBSP) and the Philippine Rural Reconstruction Movement (PRRM) which are the largest and longest-established developmental NGOs in the country — provide the main empirical basis for this paper.

Philippine NGOs and Foreign Assistance: Issues and Contradictions

By and large, NGOs are funded by external donor agencies and individual philanthropists. Most donor NGOs are in turn recipients from others (their governments, churches, political parties, the public) and most recipient NGOs are in turn donors to their clients or target groups. The donor NGO system is

called "Grants." By far, the largest transfers of resources from donor NGOs to recipient NGOs are in terms of money. While it is true that money, i.e., transfers of funds is by far the most important part of this system, there are other important transfers that take place in which money is not the actual currency, (e.g., food aid, people, equipment and goods, publicity, nonprofit selling of imports).¹³ This paper focuses at the transfers of funds from donor NGOs to recipient NGOs.

Development assistance to private voluntary organizations (PVOs) reaches Philippine NGOs through a variety of mechanisms. Embassy funds, although not exclusively for NGOs, are one such source. Co-financing schemes, the traditional method of channeling ODA to Southern NGOs, match funds collected by Northern NGOs with a project or block grant by the state. Responsibility for project implementation then rests with the donor NGO working in partnership with recipient NGOs in the South. To illustrate, the Dutch government contributes substantial amounts to four Netherlands-based NGOs (CEBEMO, NOVIB, HIVOS and ICCU) which, in turn, provide funds to private Philippine groups. Development assistance windows specifically designated for NGOs are the third source of ODA for grassroots and grassroots support organizations. USAID, for instance, has been assisting nongovernment collaborative development activities co-financed and executed by PVOs under a series of PVO co-financing projects since 1980. Activities under the PVO program are in the form of grants to Philippine NGOs to carry out projects for health care, environmental preservation, small farm agriculture, agro-forestry, credit systems and micro-enterprise development. Lastly, direct financial assistance reaches Philippine NGOs through multilateral windows as well.¹⁴

From the perspective of official donors, increased funding for Philippine NGOs derived from a larger recognition and appreciation of the growing importance of PVOs to the development process. For many in the donor sector, NGOs have the image of being effective conduits for assistance to the poor because of their accessibility and acceptability to community-based groups, of having a highly committed staff, of being adept at utilizing innovative approaches to development work, and of having the capacity to implement development projects at relatively low costs. Canadian Embassy officials describe Philippine NGOs as "the most organized and well-developed NGO community in the world," while an official of the USAID explains that the agency works directly with local NGOs because "they are so good."¹⁵ These beliefs have greatly enhanced their significance and produced a significant growth in support from private and official donors.

From the viewpoint of Philippine NGOs, accepting foreign assistance is in one sense, an extension of previous transnational interactions. As NGOs emerged in the late 1960s and flourished in the early 1980s, they depended heavily on funding from charitable groups in Europe, North America and Japan. Foreign charitable institutions, however, cannot offer sustained financial support. As the economic crisis of the 1980s dried up private funding and as the flow of ODA increased after 1986, many Philippine groups turned to bilateral, and eventually multilateral assistance as an alternative source of funds.¹⁶

Philippine NGOs also view PVOs as the "proper channel" for ODA, especially ODA that aims at poverty alleviation. In arguing that a "substantial percentage" of Dutch ODA should be channeled through Philippine NGOs, the Caucus of Development NGO Networks notes that development NGOs "are in a better position to know the needs of the local population and can respond more adequately and more directly to those needs." It is argued as well that NGOs have "matured," that they have acquired the capacity to implement development programs and have a proven track record in community organizing.¹⁷

While such formulations further demonstrate the significance of NGOs, they inadequately explain the underlying reasons for the same. Likewise, they have rarely been tested through evaluative research and one cannot be sure whether they are myth or reality. It is rather surprising to know that the rhetoric is at times great but adequate information is sparse. A number of specific tensions remain unexplored in the core texts on NGO action:

First, large NGOs and people's organizations (POs) are increasingly concerned about the short-term nature of funding commitments, the recurring bureaucratic requirements associated with maintaining it, and the leverage over program direction which it gives to the funders concerned. They are also seeking new arrangements concerning in-country project approval, longer term funding and a more mutually supportive relationship. Second, smaller NGOs and POs in particular are becoming increasingly resentful of the ability of big NGOs to corner the lions' share of foreign funding and are now forging direct links with donors to erode the oligopoly. Third, NGOs and POs of all hues and sizes, partly under pressure from donors but also through a process of institutionalization, are attempting to generate an increased proportion of their monetary and

*nonmonetary (equipment or services) resources from indigenous sources. All three of these processes give rise to interesting political dynamics which go unexplored in the NGO literature.*¹⁸

Furthermore, numerous studies have shown that there is still insufficient evidence to substantiate the strong claims made on behalf of NGOs. While there is no doubt about the efficiency of PVOs in using resources, there is still uncertainty as to how innovative they are and how much they act as agenda-setting agents in basic human needs or alternative development strategies.¹⁹ NGOs are often described as offering “development alternatives” but this is misleading. NGOs can play an important role in helping certain population groups, or filling in the gaps in state services, or in pressing for a change in the national development strategy, but they rarely offer realistic alternative pathways. Their innovations may test out new approaches, but these only become sustainable or of significant scale if they influence national development.²⁰

Even the best of the NGOs have drawbacks, the tendency to mimic larger aid bureaucracies in their approaches, priorities and procedures as well as the retention of power inequalities in their relationships with local groups and organizations.²¹ NGOs have devoted more time in building their absorptive capacities; competition over funds has affected NGO to NGO relations; and larger NGO budgets have eroded the voluntary nature and “social change” orientation of NGOs.²² Moreover, inefficiency, opportunism, and even corruption does occur among NGOs which have often been given “soft” money by donors and monopoly privileges by the state.²³

In terms of being empowerers of the poor, PVOs endorse the creation of alternative networks of participation as desirable, but seldom commit themselves publicly to empowerment due to their fear of its political connotations. Also, many believe that by strengthening local community organizations, empowerment will occur eventually as a spin-off.²⁴ Moreover, certain catchwords such as “aiding the grassroots poor,” “participatory,” “self-help,” or “innovative” that characterize the projects that PVOs support do not always reflect what they are actually doing. PVOs do help needy people, but many projects do not reach the poor majority or the bottom 40 percent at the grassroots.²⁵

NGOs’ dependency on foreign funding gives rise to a number of problems, the most important of which is the loss of autonomy of the recipient NGO. Does the acceptance of official assistance from foreign governments compromise NGO autonomy? This question is part of the larger debate over whether foreign aid

liberates the capacity of Filipinos to develop or whether it simply creates a dependent relationship between donor and recipient. Whereas development assistance previously created a dependent relationship between the government and foreign donors, ODA to NGOs deepens that dependence to include organizations in civil society.²⁶

Many donor agencies impose their own views on how development should proceed in the South.²⁷ Donor NGOs sometimes have a political or ideological platform that they wish to see carried out in programs supported with their money. This is not always, however, explicit. Such a platform may be based on their experience of development work in other places, but it may also spring from their own political or religious views. Also, donor NGOs, often in reply to pressures they receive from their donors, sometimes pressure their recipient NGOs to implement projects that are widely acceptable rather than those which are particularly innovative because they have the greatest chances of funding. As a result, NGO projects spring instead from what has been called "the development flavor of the month," i.e., a theoretical fad or fashion made in the metropolitan countries.²⁸ A degree of financial autonomy of the NGO sector is, therefore, necessary to ensure their independence.

An analysis of NGO concerns over the past two decades will show that many of the shifts in emphasis of NGOs have been affected by choices or the priorities set by funding agencies. This only proves that the concerns and ideological inclinations of donors have a very definite way of shaping directions of Philippine NGOs. Very often, NGOs are unaware of their own shifts of emphasis. Because of their need for resources, they rationalize by convincing themselves that these concerns are indeed important or accepting grants for secondary concerns with the intention of siphoning out some amount that will allow them to undertake primary concerns.²⁹

As part of the control mechanism, donor NGOs often require complex and time-consuming reports and audits. They often require proposals, plans and reports for which they have their own formats and forms. The end result is that recipient NGO managers spend a lot of time doing documentation in the kind and style requested by the donor agency.³⁰

Local organizations' dependency also draws them away from the opportunities that are available within the country limiting the possibilities for local resource mobilization. The decline or cutback of foreign assistance will surely magnify this problem.³¹

Dependence on foreign funding also reveals uncomfortable political questions

NGOs' dependence on foreign sources of finance might foster the suspicion of governments and nationalistic political parties. Donor funding destined to empower grassroots groups in developing countries might be seen as subversive.³² In the Philippines, NGOs' reliance on foreign funding had bred suspicions and accusations coming from some sectors of the government that NGOs are pursuing a nonnational agenda.³³ There were invoking charges made by the military that NGOs are financial conduits of the underground armed opposition.³⁴

Equally uncomfortable for others is the fact that most funding is siphoned off by international NGOs and Southern professional NGOs before it hits the grass — perhaps explaining why developing country governments typically welcome NGO funding. Even the strongest of NGO advocates now recognize that some NGOs are filled with charlatans only after the money.³⁵ After 1986, most NGOs in the Philippines were externally-generated and created mainly to access foreign funds through ODA from donor countries as well as funds coming from many foreign foundations and donor NGOs or government-initiated programs. Opportunistic and “fly-by-night” and ghost NGOs have proliferated especially after 1986.³⁶ As the availability of foreign and local funding for NGO activities increased, so too do reports of retired bureaucrats and other opportunity-seeking individuals rushing to form NGOs to qualify for funding. These organizations were formed more as entrepreneurial response to market or political opportunities than on the basis of value commitments. The number of NGOs registered with the Securities and Exchange Commission increased 88 percent between January 1996 and March 1992, from 27,100 to 50,800 organizations. Of these, perhaps no more than 10 percent are “genuine development NGOs.”³⁷

The PBSP and PRRM Experience

A. Philippine Business for Social Progress (PBSP)³⁸

PBSP was established in 1970 by the Philippine business sector as an expression of their corporate social responsibility. Its approach to social development, based on its objectives, involved providing financial and technical support to social development projects as well as assisting in the formation of organizations — both professional and indigenous — which can function as agents of change in rural and depressed urban areas.

Primarily established as an organization for the rational funding and support of social development activities in the country, PBSP derived its principal operating funds from a definite percentage of member companies' corporate profits. Each incorporated member pledged to allocate one percent of its annual net profits before taxes to social investments. Of this one percent, 60 percent was to be managed by the PBSP while the four percent would be managed by the company for its own social projects.

From 1971 to 1975, PBSP was heavily involved in the direct management of prototype projects, including a housing project, a nutrition project, and an integrated area development project. Regional offices were established in order to enhance PBSP's accessibility to project proponents and to facilitate the monitoring of the projects. It also provided funds and technical assistance to projects proposed by NGOs.

Starting with fifty members, the membership reached 150 in 1973-1974. Membership contributions received during the period represented 91 percent of total income during the five-year period.

In its first years of operations, PBSP encountered problems in its strategic and operational planning particularly in terms of capability in project implementation. To address the problem of capability in project implementation, PBSP set up its own training unit and offered training programs in project management for its assisted groups and organizations. It also established the Center for Rural Technology Development (CRTD) in Calauan, Laguna. Moreover, PBSP set up the Projects Completion Fund which was later converted into a Capital Fund.

In 1976, membership went down from 150 to 124. Membership contributions began to decline as a result of the economic recession induced by the oil crisis. Furthermore, the Philippine government required all business corporations to contribute one percent of their net profit before tax to a Community Fund to be managed by an organization set up by the government. Seeing this as a threat, PBSP decided to diversify and strengthen its resource base as it could no longer rely solely on membership contributions.

In 1978, PBSP institutionalized its Capital Fund with the goal of building up in trust, P100 million, the interest earnings of which would then finance programs and projects. The corpus of the fund was invested in fixed-income securities to generate interest earnings.

Later on, the Foundation realized that it had to face the reality of bigger programs and consensus was reached seeking co-financing first done through a strategy in what is known in business as "venture capital investment." PBSP did the initial work in certain areas and in case a foreign donor organization was interested in these areas, the donor organization was approached for a possible co-financing arrangement to expand the project. By establishing itself as a development catalyst, PBSP had acquired a window to external donor agencies, government, and other social organizations. Realizing this advantage, PBSP devised in 1979 a co-financing (joint venture) scheme with international donor agencies by which PBSP would act as a conduit for foreign moneys infused for development programs. The Foundation was given accreditation by the USAID for its PVO Co-Financing Program and by the United Nations as a NGO.

The Foundation also reduced operating costs which continued to increase because of inflationary pressures. It embarked on a retrenchment program which led to a lean but highly skilled and better paid staff. Corollary to this, PBSP's regional offices in the Visayas and Mindanao were closed. By 1980, PBSP realized a 30 percent increase in revenues over the previous period. With the increase in total revenues, it was able to intensify project assistance and increase its network of proponent organizations to about 300.

PBSP's program and overall operations grew and expanded in 1981 to 1986. By this time, PBSP had worked with 390 proponent organizations. During this period, PBSP assumed the role of a resource mobilizer and of linkage-builder. This was made possible because of the success of its co-financing programs with international donors particularly the USAID and management contracts with the Philippine government particularly the Population Commission and the National Economic and Development Authority (NEDA).

During this period, PBSP attempted to leverage its funds with as much funds from other sources. The strategy called for a mobilization of external resources to diversify the financial base of the Foundation and to support the requirements of its expanded services.

PBSP was able to secure P35.9 million in co-financing programs and management contracts both with local and international organizations, including the USAID, the Ford Foundation, the Iwatani Foundation, the Australian Development Assistance Board (ADAB), the International Development Research Center (IDRC), the Foundation for International Training (FIT), United Nations

International Children's Emergency Fund (UNICEF), and a number of Philippine government agencies.

Financial advances exceeded grants allocated to projects as a result of the emphasis laid on livelihood projects which were mainly financed by "soft loans." Interest income also surpassed membership contributions by 15 percent. During this period, membership contributions represented a 48 percent drop from the previous period's total. This could have meant a slow down in PBSP's operations had not the leadership foreseen the consequences of the declining socioeconomic environment and its impact on the financial standing of PBSP's member companies.

PBSP also generated income from training fees. As of 1985 when the training activity was temporarily discontinued, training operations netted the Foundation approximately P300,000 in "profits." In the same year, the Capital Fund had accumulated to P33.7 million. PBSP's objective in this regard was for the fund to reach P100 million in the next few years to ensure the Foundation's viability and in leveraging funds to other donor agencies.

PBSP's financial strategies worked but an assessment of PBSP's operations made during this time revealed certain weaknesses. First, it had no strategy for dealing with governmental bureaucracies. Second, its systems and procedures were not oriented toward supporting heavy administrative requirements imposed by government and donor agencies. Third, there was little participation among member companies in PBSP's projects and activities. Fourth, project monitoring was inefficient. And last, it did not have any clear definitions of who were the poor, where they were, and how they could be helped.

In 1985, PBSP undertook a major review of its operations with the objective of developing a strategy for the fourth five-year period (1986-1991). A number of issues and weaknesses were identified. First, it was realized that the Foundation's programs and projects lacked focus. Second, there was lack of systematic monitoring and evaluation mechanism to determine the progress and impact of PBSP's assistance efforts. Third, a poverty group-focused, province-specific approach was needed.

In the project implementation, there was the issue of identifying the most effective and efficient service delivery structures for poverty alleviation programs and projects. Moreover, there was the issue of high employee turnover and work overload.

Following the program and institutional review conducted in 1985, PBSP embarked on a strategy where its program of work is focused on specific poverty groups. Furthermore, the Foundation identified 15 priority provinces where assistance to the different poverty groups can be effected in line with the over-all provincial development strategy.

In 1986, PBSP started to establish its viability without membership contributions. Strategic business units within the Foundation were created to support the program of work and generate income to cover overhead costs. PBSP expanded its training facilities in CRTD and opened a new training center in Manila. These two training facilities comprise the Social Development Management Institute (SDMI), the Foundation's training arm. By 1979, SDMI and CRTD were totally self-supporting. An NGO Resource Center was likewise established in 1987.

The Foundation also invested in fixed-income instruments and common stocks with a portfolio mix of 80-20 percent. Recoveries of financial advances which on the average stood at 85 percent represented a major source of investment to the Capital Fund. Moreover, the administrative charges collected are used to defray part of the Foundation's operating costs. PBSP also reduced its operating costs and embarked on a selected membership drive.

PBSP aimed to have a Capital Fund of P100 million by 1991. As of March 1991, however, the Capital Fund was only P56 million. While its growth is below the target of P100 million by 1991, it was expected to grow in the following years due to the infusion of restricted funds.

To establish its viability without membership and the financial target, PBSP embarked on three major mutually supportive strategies.

The first strategy aimed to increase in the amount of external funds sourced and brokered from more diversified sources. Special restricted funds were also mobilized. From 1986 to 1989, approximately P6 million in brokered funds were from Canadian NGOs through the Philippine Development Assistance Program (PDAP). For FY 1989-1991, P47.5 million in brokered funds were generated from Land Bank of the Philippines (LBP), Development Bank of the Philippines (DBP), PDAP, corporate donors and small embassy funds.

Major co-financing approvals came from the national government, United States, Europe, Canada and corporate sector. From 1989 to 1991, the major

sources of external co-financing funds were the government and international donors (i.e., USAID, Canadian International Development Agency (CIDA), Ford Foundation and in 1991, European donors from the European Economic Community (EEC), France, Germany, and the Netherlands). The corporate sector responded by opening up the Restricted Fund Mechanism.

The second strategy was to increase contributions from member companies. After 1987, membership contributions grew and reached a sharp increase of 131 percent in FY 1990-1991. This was attributed to support for disaster relief/rehabilitation fund drives as well as to PBSP's more intensive and systematic information campaign to recruit new members.

The third strategy aimed to increase other internally-generated funds and optimum utilization of resources, i.e., revenues from the business units, recoveries of financial advances, and level of operating expenses.

From 1986 to 1991, PBSP functioned as a resource provider and proponent developer. As a resource provider, the Foundation's total financial assistance for approved projects reached 76 percent of the targeted total financial assistance for five years. As an institution builder or proponent developer, PBSP assisted a total of 470 proponent organizations.

For the period 1991-1996, PBSP focused on Area Resource Management (ARM) Program implemented in 15 provinces in collaboration with NGOs, POs, government organizations (GOs), and other cluster groups that are community-based. At least P269.25 million is required to implement ARM in the five-year plan. For the first seven provinces, funds were sourced from the French government, the Philippine-Australian Communities Assistance Program, USAID, MISEREOR (a German NGO), Canadian-funded NGO mechanism, the Philippine government, PBSP member companies and Foundation Funds. In FY 1991-1992, except for the limited relief operations for Mount Pinatubo's lahar and Ormoc tragedies, PBSP directed its efforts toward its ARM program. Accordingly, resource mobilization and other major activities were confined to the Foundation's core programs for ARM.

The Foundation also continued its efforts to achieve its organizational self-reliance. The Board recognized that a strong financial base is a prerequisite to organizational viability and sustainability. To increase membership contributions, PBSP started the "selling" of specific programs/projects and ARMs to member companies for funding. PBSP also started recruiting more business

companies, including government-controlled financial institutions which subscribe to its philosophy.

While membership contributions continued to be the main pillar of the Foundation, earnings of the Capital Fund and repayment from its financial advances program continued to decline in 1991 until 1993. The decline was due to the downtrend in interest rates. In 1994, however, earnings from investments registered a significant increase of 123 percent over the previous year.

PBSP has also undertaken the "Debt-for-Rehabilitation Swap." In March 1991, the Central Bank approved the application of PBSP to buy \$2 million in debt papers. The peso proceeds of this transition was for the corpus of a Disaster Rehabilitation Capital Fund.

For the period 1991-1996, PBSP sought to expand the local financial base, even with continued availability of foreign co-financing sources.

B. Philippine Rural Reconstruction Movement (PRRM)³⁹

PRRM was founded on 17 July 1952 by a group of prominent Filipinos headed by Dean Conrado Benitez of the University of the Philippines in response to the visit of Dr. Yen. PRRM was organized to conduct scientific studies and experiments in rural reconstruction in order to develop effective and practical methods that could be adopted to ameliorate the living conditions in the barrios and villages. Rural reconstruction is to be achieved through an integrated four-fold approach to combat rural poverty, disease, illiteracy and lack of civic consciousness.

Funding support of the movement initially came from the International Mass Education Movement (IMEM). This was supplemented by contributions from the business sector as well as funding for specific projects from both foreign and local sources, including government. The funds, however, were very limited, and this accounted for the largely voluntary services rendered by PRRM's first batch of personnel.

From 1952 to 1975, PRRM established two pilot barrios in the provinces of Rizal and Nueva Ecija to implement its core program. It deployed its work force composed of some 136 volunteers to these areas. In the area of livelihood, the teams were able to establish village-level Farmers' Schools, and were able to launch a campaign for the promotion of rural industries. In the area of health,

they were able to establish barrio clinics and launch a program for environmental sanitation, beautification and fencing of houses. In education, the campaign started with basic literacy, good citizenship, nursery, and vocational classes. It was in the area of self-government that PRRM found its biggest challenge during its first years of operation. The PRRM teams conducted an election among all household heads in the barrio to choose the village head and the members of the barrio council. The results were formalized into the municipal government.

Although PRRM did not derive its policies directly from the government, its operations during the first two years reflected the general direction in which government's development efforts were moving. PRRM was requested by President Ramon Magsaysay to initiate a development program in San Luis, Pampanga. PRRM took charge of the San Luis Rehabilitation Project and within two years had succeeded in effecting some improvements including raising the average income per farm family to P965 a year. Also, the model for an elective village council developed in Marikina and Nueva Ecija worked well in San Luis. This caught the attention of some members of Congress. In 1955, a senator sponsored the passage of Republic Act (RA) No. 1243 or the Barrio Council Law which used the PRRM model for the elective barrio council. This was further expanded and RA No. 2370 or the Barrio Chapter Law was passed.

Two major problems confronted PRRM during its first years of operations. First, was the lack of funds to support the implementation of its programs on a wider scale. Second, was the inability to attract more technically competent field personnel. PRRM, however, did not experience any major problem in its strategic and operational planning. The organization was very much in the mainstream of the national rehabilitation effort. Thus, even with its independent operations, PRRM's programs tied closely with what was initiated by government. In certain instances, PRRM was even called in to assist in implementing government programs. This was very crucial because without it, PRRM could have just easily faded into the periphery of the national rehabilitation movement.

PRRM grew and expanded in 1958-1972. PRRM changed its implementation strategy from the pilot barrio technique to the target barrio approach in 1958. In order to defray the cost of this approach, the movement launched the "Barrio Sponsorship Program." This project succeeded and by 1965, PRRM had covered 200 barrios all over the Philippines. It was in the middle 1960s when the PRRM's national headquarters was established in Nieves, San Leonardo, Nueva Ecija. PRRM also began to shift its program focus from the municipal

to the provincial level. Aside from its core programs, it forged links with government agencies involved in rural reconstruction work.

A review of the different projects of PRRM during this period showed that most of them were relatively successful. In 1966 alone, the Minimum Added Income Project claimed to have succeeded in raising the net annual income by an average of P81 for some 2,000 farmers in 125 barrios covered by the project. PRRM also came up with a model for a scaled-down version of the cooperative. Called the "Buying Club," it was patterned after large consumers' cooperatives. This scheme succeeded. After only one year of operation, the combined initial capitalization of only P14,000 coming from 53 buying clubs amounted to total gross sales of P989,272,000.

In 1960, President Diosdado Macapagal awarded the Presidential Award for Merit to PRRM for "outstanding contribution to the country's economic and social development... through its significant pioneering work in rural reconstruction and community development." In 1961, the Ramon Magsaysay Memorial Foundation Award for International Understanding was awarded to Dr. Yen in recognition for his work in PRRM. In 1967, the Presidential Golden Heart award was given to Dr. Yen and Mr. Gregorio Feliciano who was president of PRRM at that time.

From 1958 to 1972, more funds came in from big business enterprises. In addition to these private funds, PRRM was also able to get substantial government assistance for its programs. The Philippine Charity Sweepstakes Office (PCSO) was legislated to allocate the proceeds of one lottery for every year to PRRM as subsidy for its operations.

The growth and expansion of the movement continued throughout the early part of the 1960s, and reached its peak in the latter part of the decade. The 1970s, however, were not good years for PRRM.

After years of operation, PRRM had failed to develop a stable source of funding for its programs. It may be a reflection of the failure of the organization to establish a strong membership base that could act as the main force in providing the necessary resources and leadership to the organization. It may also be due in part to its lack of concern about obtaining additional funding from local sources and in part to its struggle to define a long-term role for itself. The result has been excessive reliance on foreign donors. PRRM has very little income from own activities.

The establishment of PBSP in 1970 left a great impact on PRRM. Most of PRRM's corporate supporters deserted to PBSP or diverted a large portion of their funding. With the founding of PBSP, PRRM lost the resources it used to get from big businesses. Funding problems caused by deflections to PBSP necessitated a retrenchment. The declaration of Martial Law was another challenge. In the mid-1970s, the PCSO subsidy was withdrawn and this caused the disruption of the movement's programs.

To combat these funding restraints, PRRM decided to change its implementation strategy from independent co-existence with government to "strategic collaboration." This shift in strategy was reflected in the reorientation of the movement's programs. PRRM was also forced to retrench most of its personnel and leave only a skeletal work force to maintain operating at its headquarters in Nueva Ecija. PRRM decided to open the Nieves center's training facilities to other organizations and agencies in order to generate enough income to sustain operations. It also decided to undertake more income-generating projects. Moreover, aside from undertaking cost-reduction measures, the movement also decided to contract its services to various government agencies engaged in rural development work like the Ministries of Health and Local Government and Community Development.

Despite these efforts, however, PRRM was on the verge of total collapse. By 1984, PRRM with its project support and program funding withdrawn, and with only four Rural Reconstruction Workers (RRWs) left in its staff, had to stop operations.

The year 1986 marked the rebirth of PRRM. To revive the organization, a new philosophical orientation for the organization was defined and measures designed to strengthen the leadership bodies and broaden the membership base were adopted. Programs were also designed and resources mobilized. Potential funding agencies, mostly foreign agencies involved in rural development work, were approached. Since its re-launch in 1986, PRRM had established relationships with a vast array of foreign and Philippine funders.

In 1988, PRRM implemented its core program "Sustainable Rural District Development Program" (SRDDP) — a ten-year intervention program with distinct entry, consolidation, and withdrawal phases in five sustainable rural districts in the country. SRDDP is PRRM's centerpiece area development effort. The program aims to cover 216 barrios in 41 municipalities across the five pilot provinces of Ifugao, Nueva Ecija, Bataan, Camarines Sur, and North Cotabato.

In 1990, the program covered 82 barrios in 29 municipalities. In 1991, 228 barrios in 47 municipalities were reached by the program. In 1992, SRDDP areas of operation were streamlined to focus on selected strategic towns for purposes of consolidation. At the end of the same year, the program coverage spanned 273 barrios in 38 municipalities.

Until 1993, SRDDP implementation was largely focused on social preparation and entry activities in the five pilot provinces. The consolidation phase encompasses the period 1994-1998. It includes the piloting of district-specific development models in selected strategic barrios across a three-year time frame (1994-1996) and expansion and replication of these in all of the identified strategic barrios of the district covering the years 1997-1998.

The main source of SRDDP operations comes from NOVIB. PRRM expects that the utilization of the NOVIB fund will induce the inflow of other funds coming from various funding agencies as project inputs in support of the core program. On the other hand, a credit fund was also established to finance the economic undertakings of SRDDP's program beneficiaries. Particular to the setting up of people's banks, PRRM is eyeing soft loan packages available from the different finance institutions. Aside from NOVIB financing the operating cost of the SRDDP, other funding agencies also provided inputs in support of a particular component of the program. Financing of these inputs are classified as other income. PRRM's other funding partners are German-Agro Action, OXFAM and IPADE.

SRDDP consists of multiple components requiring enormous human and material resources. Hence, PRRM had embarked on a massive institutional development program which necessarily entailed more funds. The institutional development program aimed to develop and provide the appropriate support for the smooth functioning and management of institutional resources to ensure organizational and financial sustainability, including the maintenance and enhancement of a work environment responsive to the needs and requirements of PRRM work and workers.

In 1994, two officers of PRRM came up with the organization's "Financial Sustainability Program" with the main objective of developing PRRM's institutional financial self-reliance over the long term. The program aims to be the means to bridge funding gaps expected to occur at the completion of externally funded programs. The financial sustainability program consists of applying the financial management principle, that is, if the income statement does not show sufficient

capability to produce moneys (donations/grants) to fund overhead and the clamor for improved staff benefits, then one must take a serious look at the balance sheet. Doing so will show that PRRM has a number of idle assets, notably land, which could be liquidated and used to create an endowment fund.⁴⁰

In January 1996, PRRM started with its endowment fund derived from the proceeds of the sale of its land assets. PRRM expects to derive an ample income from this endowment fund. The endowment fund aims to reduce dependency risks. The creation of the endowment fund is the centerpiece of PRRM's financial sustainability program which aims to develop institutional self-reliance over the long term and to reduce dependence on donor-generated financing to ensure PRRM's viability as a going concern.

C. Dependence or Self-Reliance?: Evaluating the PBSP and PRRM Experience

Financial sustainability is not simply a fashionable catchword, but is an issue that impinges on the very survival of the NGO itself. Financial sustainability remains a major concern for both PBSP and PRRM.

Over the years, these two NGOs have intensified their efforts to diversify and broaden their resource base with the aim of establishing institutional self-reliance over the long term. Despite their orientation toward self-reliance, PBSP and PRRM remain heavily dependent on foreign funding — mainly from Europe and North America. These two NGOs interact with a large number of donors. Understandably, these NGOs do not want to be dependent on a single foreign supporter but to divide their ties between several. This is done to avoid foreign agencies getting a too dominant grip on their organizations.

Given the current financial strategies and scale of program operations of PBSP and PRRM, it is unlikely that these NGOs would be able to be financially independent from one year foreign donor-generated financing. It is even more unlikely for them to cut such dependence now and even in the future. Yet foreign assistance is declining, and even if it were not, they would still remain dependent.

The development strategies carried on by both NGOs consist of programs that are supposed to take one from poverty to liberation, hence, making it an expensive task which requires access to budgetary resources for staff, plant and equipment, and program operations. The program operations of PBSP and PRRM

require massive amounts of funds that only external sources are capable of providing. Sustained funding capable for sustained capacity building becomes, therefore, very essential. While PBSP and PRRM are quite successful in diversifying and expanding their local financial base, earnings from such internally-generated funds are not enough to sustain program operations that require enormous human and material resources. Foreign financing becomes even more necessary as PBSP and PRRM move for consolidation and expansion of their core programs.

PBSP, despite its stable membership contributions and capital fund earnings, recognizes the significance of funds from external sources particularly co-financing grants. Even if they were to achieve no contribution from member companies, the capital fund of the Foundation has enough earnings to pursue a basic assistance program and maintain the staff. Yet, PBSP realized that they cannot simply rely on these sources if they are aiming for impact. When it became apparent that membership contributions would go down, it became important to PBSP that other sources of funds be identified. In 1979, the Board was authorized to look for other funds which could be moved to proponents. This position was a departure from what had been originally planned because when PBSP was organized, the main business responsibility was to help the poor with self-generated resources.⁴¹

PRRM, on the other hand, may be judged on the basis of the amount of funds as dynamic and effective as PBSP in mobilizing funds from external sources. However, sustainability of funding has remained its major problem. PRRM remains excessively dependent on foreign funding, a situation which makes the whole movement vulnerable and dependent on grants from foreign donors.

Hence, even if PRRM's program of sustainability succeeds, it would still continue to get support from its foreign donors. The reason is simple. Although some of its activities can be financed locally, its activities in the environmental and policy arena remain dependent on outside funding. With local funding, only direct and administrative costs will be covered but not other activities that require bigger budget.⁴² Moreover, given the rationale of PRRM's financial sustainability program, the intention is to reduce, and not to cut dependence on donor-generated financing to ensure PRRM's viability as going concern.

For both PBSP and PRRM, co-financing schemes have become and would continue to be a major source of funds. Complete autonomy from foreign sources is not part of PBSP's and PRRM's financial agenda.

According to PRRM's President, a "26-25-49%" mix of funds marks a sustainable NGO. The 26 percent should be derived from self-generated funds, the 25 percent from the government, and the 49 percent from foreign donors. He further argued that the key to sustainability is building the capacity of the NGO to produce the 26 percent from self-generated income.⁴³

Given the ratio of 26-25-49 percent, financial sustainability of PRRM still depends on the continued availability of foreign co-financing sources. The creation of the endowment fund is part of building the 26 percent capacity of PRRM. Although the creation of the fund can boost the organization's financial resource base, it would take the organization some time to see and use the earnings of the fund. Aside from the endowment fund, PRRM is also engaged in other income-generating activities. However, the income derived from such sources has very little to contribute to meet the 26 percent requirement. Even if this 26 percent capacity is realized, only direct and administrative costs will be covered and not other activities that require bigger budgets.

Moreover, the earnings of the endowment fund are intended for institutional support only and not for program operations. What would finance program operations are funds derived from foreign donors — the 49 percent in the mix of funds. A portion of the income from the endowment fund shall be used to maintain the regular staff and the membership base. It shall also be used to provide capital for income-generating enterprises (like businesses that allow better earnings such as recreation or sports centers) and for new program development. The corpus of the endowment fund, however, shall remain intact. Thus far, PRRM seeks to engage in a less risky business transaction in the hope of making a profit, thereby increasing its self-generated income in proportion to funds sourced from the government and foreign donors.

As to the negative implications of using foreign funds, PBSP and PRRM are not worried about using the money of other countries. Atty. Tan, past president of the Foundation, explained why PBSP should not be worried about the use of foreign funds. He argued that:

foreign funding never clashed with PBSP's guiding principles. Given the parameters set by the Board, PBSP is willing to take whatever money they can get for the poor and the disadvantaged. When foreign funds are involved — be it USAID, or Japanese, or Canadian, or Australian — PBSP proponents

are told where the funds come from and who their funding partners are. Some proponents would not want USAID funds for principled reasons but would accept Japanese or Canadian funds. PBSP respects these preferences and tries to tap other sources. Anyway, if there is a group which is not willing to utilize American funds, there is always another equally deserving proponent who will take it.⁴⁴

The use of foreign money is also viewed positively by PRRM:

Foreign money enables PRRM to do whatever it wants, making it more responsive to the needs of its target beneficiaries.⁴⁵ And there is enough justification to continue existing co-financing arrangements. Nongovernmental and grassroots movements in the South need a strong counterpart in the North.⁴⁶

Aside from entering into collaborative programs with foreign donors for grants, PBSP and PRRM have also intensified their collaborations with government or government-controlled agencies in getting access to development funds administered by them. The axiom not to accept government money for fear that it corrupts them, is more and more abandoned in NGO circles, for more pragmatic reasons: partly to avoid the duplication of public sector activities and partly to improve their beneficiaries' access to critical resources.

Although PBSP and PRRM recognize the need for co-financing, and collaborating programs with foreign donors and the government, they also recognize that there are problems and dangers that they have to face when they receive foreign and local public aid.

Among all its donors, USAID has the most stringent auditing mechanism looking at every detail that even receipts have to be stamped. Grants amounting to \$25,000 to \$30,000 or more received from USAID usually requires PBSP a mandatory audit. PBSP, however, has to choose from the list of accredited auditors provided by the agency. Internal audits are also commissioned by USAID's regional internal audit office.⁴⁷

PRRM also has to comply with the frequent evaluations, financial reporting and auditing requirements of the donor NGOs. To ease the NGO from the burden of reporting and auditing, PRRM plans to set up a "donors" consortium so as to use the same format using the same procedure for all donors.⁴⁸

The risks of delay in getting the funds from the government are also inevitable. Because of delays in the releases of funds from the government, PBSP, for instance, has to advance the costs for the government. Aside from not-on-time releases of funds, PBSP faces other problems when working with the government. When PBSP receives ODA funds administered by the government, the Foundation has to pay for the value-added-tax (VAT). PBSP also has to comply with the government's monitoring requirements. This problem is even made worse because different government agencies usually have different monitoring and evaluation requirements. Moreover, PBSP has to follow the same rules and regulations applied to government agencies especially on how government funds are spent. Government agencies impose or apply government rules and regulations on a nongovernment agency.⁴⁹

PRRM also has the same experience when working with the government. When PRRM and other NGOs entered the Fisheries Sector Program (FSP) of the government, they were supposed to get P11 million for the first year of the FSP's implementation. However, until its second year, PRRM is still short of P4 million. For the second year of the program, they have not received the second year contract. So PRRM is left with the situation where as an NGO, it has to raise resources from somewhere else to sustain a program which the government was supposed to be financing at the outset.⁵⁰

The government is also more rigid than foreign donors in terms of control mechanism. The government also requires detailed audits and voluminous bureaucratic requirements and reviews which absorb so much of the NGO's energy and time. Also, continued availability of any form of government support is inherently uncertain as political priorities change over time.⁵¹

Aside from these technical and administrative problems that come with foreign and local public aid, questions of autonomy, ideology, sensitivity, intellectual independence, and values also emerge.

NGOs receiving state or government money for their program operations face the danger of being transformed into "public service contractors," or some sort of substitute service delivery mechanism, or quasi-governmental structures or worst government-organized NGOs (GONGOs).

During the time when PRRM was implementing government projects and not its own, PRRM was reduced into a mere implementing arm of the

government. This eventually led to the alienation of PRRM from the rest of the peasant movement.

Perhaps having learned a lesson from that experience, PRRM believes that in relation to the need to remain autonomous, any NGO, in entering into any government, has to be careful about mixed funding. The NGO has to be sure that at least more than 50 percent or 75 percent of their funding does not come from government. Funds coming from the government must constitute not more than 25 percent of the NGO's total financial resources. PRRM also believes that any NGO who comes in collaboration with government has to be prepared at the very onset to consider disengagement when it is no longer tenable. The same can be said about working with foreign donors. Co-financing is done only when there is an agreement between the goals of their programs and those of the donors.⁵²

PBSP believes that becoming public service contractors is not unlikely but that which can be avoided as long as the NGO knows where it stands. In all transactions entered into by PBSP with government agencies, the Foundation makes it a point that it enters a program when it has a control over that program. The Foundation believes that there should be a certain "level of comfort" whenever an NGO subcontracts programs of the government. PBSP also makes it certain that it gains actual cash when invited to undertake a particular project. Aside from being paid with administrative costs, PBSP must earn a certain amount of profits. However, this does not apply to projects undertaken under their own initiative. These principles are also applied to PBSP's co-financing programs. When PBSP undertook co-financing schemes with foreign donors in 1979, the Foundation laid down guidelines that collaborative programs be within the mission of PBSP and that PBSP retains the management of such programs. Furthermore, to assure its autonomy and to avoid a single donor having a hold over its organization, PBSP sees to it that no single donor (including the government) funds or finances more than 25 percent of its program operations.⁵³

Conclusion

In the face of declining development assistance from donors abroad, the question of whether the NGO community, now accustomed to external assistance, can financially sustain the initiatives begun over the past years once foreign assistance is ended remains very crucial to the entire social development industry. NGOs must be financially viable, otherwise, their capacity to offer services to their beneficiaries is seriously impaired and they may go bankrupt.

While there is an awareness of the issue among NGOs (and even among donors), there has yet to be much systematic thinking about addressing the need for self-sufficiency. Yet foreign assistance is declining, and even if it were not, NGOs would remain dependent.

However, dependence on donor-generated financing becomes a source of strain for NGO leaders and of conflict among NGOs. Beside the complex and time-consuming reports and audits, NGOs also find themselves engaged in an unending ritual of searching and applying for funds. Political and economic conditionalities also often come in the wake of such grants. Likewise, NGOs become highly vulnerable to sudden and erratic shifts in the sociopolitical and economic environment and they may even end up in a situation of bondage to a financing system over which they have no control.

Thus far, foreign assistance remains vital for NGOs' sustainability. Nevertheless, NGOs must still aim for organizational self-reliance beyond foreign financing. An organization that falls prey to the psychology of dependence will miss opportunities to improve its own financial fate. While foreign donors are significant, the litmus test for financial autonomy is the extent of domestic contributions.

As NGOs seek to expand their local resource base, NGOs may behave in a more entrepreneurial way than they might. It is inevitable as NGOs are specifically dealing with a "market" that cannot pay the full costs of the services that they are offering. However, becoming entrepreneurial poses some problems and places great strains on NGOs. It implies a complex managerial challenge and NGOs usually do not have the business acumen and managerial capacity, hence, this has to be hired in. NGOs also have to acclimatize themselves to the culture of the commercial world. This is not an easy task because as NGOs, they are driven by the desire to advance social goals rather than by the profit motive. While social mission is important, financial survival is also important. To achieve diverse goals, a modern NGO must be a hybrid: a classical development-oriented organization in purpose and a successful business in raising revenues. Economic entrepreneurship is a powerful side of NGOs neglected in the NGO literature.

Among the strategies used for achieving organizational self-reliance, the build up of an endowment fund — a lump-sum that is invested and whose interest will pay for program costs over the long term — becomes the most feasible strategy to expand the local financial base.

PRRM, for instance, cannot raise more than a small proportion of capital and recurrent revenues from member dues, user fees, and local philanthropy whereas the earnings of an endowment fund may be able to cover the organization's core costs which may include salaries of management staff, few essential technical and administrative staff, and the costs of running the office.

If managed effectively, the endowment fund plus the earnings from other income-generating activities will ensure long-term financing for NGO resource protection activities and is an innovative NGO response to the issue of financial self-sufficiency.

Notes

¹ The Philippine Partnership for the Development of Human Resources in Rural Areas (PhilDHRRA) classified NGOs into: resource NGOs; implementing NGOs — which is further subdivided into four types: welfare organizations, socio-civic and professional organizations, developmental organizations, and issue-oriented organizations; people's/grassroot organizations; and network NGOs. In this paper, I focus on developmental NGOs which are involved in long-term development work with specific communities. Their concern is to set up viable community structures raising the level of the community's competence for problem solving to enable them to participate in the resolution of broad national issues affecting the community's state of affairs.

See Tadashi Yamamoto, ed., *Emerging Civil Society in the Asia-Pacific Community* (Japan: Japan Center for International Exchange, 1995), pp. 192-193.

² Carrie Meyer, "Opportunism and NGOs: Entrepreneurship and Green North-South Transfers," *World Development*, Vol. 23, No. 8, 1995, p. 1277.

³ Leonor Briones, "Decentralization, Participatory Development and the Role of Nongovernmental Organizations" in Lim, Joseph and Nosawa, Katsumi (eds.) *Decentralization and Economic Development in the Philippines*. (Tokyo: Institute of Developing Economics), p. 214.

⁴ John Clark, "The State, Popular Participation and the Voluntary Sector," *World Development*, Vol. 23, No. 4, 1995, p. 595.

⁵ Meyer, p. 1277.

⁶ "Positioning for Impact: CFPI's Institutional Strategy," 1992 CFPI Strategic Planning Workshop, 16-17 September 1992, Antipolo, Rizal.

⁷ Joel Rocamora, "Philippine Progressive NGOs in Transition: The New Political Terrain of NGO Development Work," Philippine Peasant Institute Library, February 1994.

⁸ Horacio Morales, "Scaling Up Impact: Lessons from the PRRM Experience," paper prepared for the "Scaling Up NGO Impact" Workshop at the University of Manchester, 8-10 January 1992.

⁹ Isagani Serrano, "PRRM in the 21st Century," Rural Reconstruction Forum, April-June 1993, p. 2.

¹⁰ Interview with Horacio Morales, PRRM, June 1996.

¹¹ Nanette Dungo, "The NGO Experience in Negros," unpublished manuscript, September 1994.

¹² David Korten, *Getting to the 21st Century: Voluntary, Action and the Global Agenda* (Connecticut: Kumarian Press, 1990), p. 196.

¹³ Richard Holloway, "Dependence or Self-Reliance? The Donors' Perspective," Partnerships Philippine Development Assistance Programme (PDAP), August 1992, pp. 2; 4-5.

¹⁴ G. Sidney Silliman, "Bilateral Programs of Official Development Assistance to Nongovernmental Organizations: Innovative Models for the Philippine Experience," unpublished manuscript, October 1994, pp. 6-7.

¹⁵ *Ibid.*, p. 4.

¹⁶ *Ibid.*, p. 5.

¹⁷ *Ibid.*

¹⁸ Gerard Clarke, "Participation and Protest: NGOs and Philippine Politics," Ph.D. Dissertation, June 1995, University of London, pp. 48-49.

¹⁹ Brian Smith, "US and Canadian NGOs as Transnational Development Institutions" in Robert Gorman, *Private Voluntary Organizations as Agents of Development* (London: Westview Press, Inc., 1984), pp. 150-151.

²⁰ Clark, p. 496.

²¹ Silliman, p.9.

²² Resource Manual on NGO-Managed Fund Mechanisms, a joint publication of CODE-NGO Networks and Transnational Institute, 1994.

²³ E.A. Brett, "Voluntary Agencies as Development Organizations: Theorizing the Problem of Efficiency and Accountability," *Development and Change*, Vol.24, No. 2, April 1993, p. 271.

²⁴ Smith, p.151.

²⁵ *Ibid.*

²⁶ Silliman, p. 23.

²⁷ Isagani Serrano, *Civil Society in the Asia-Pacific Region* (Washington, D.C.: Civicus, 1994), p. 4.

²⁸ Holloway, p. 3.

²⁹ Karina Constantino-David, "The Limits and Possibilities of Philippine NGOs in Development," paper delivered at the UP Roundtable Discussion on Nongovernmental Organizations and People's Participation," 9 March 1990, UP Diliman, Quezon City, p. 12

³⁰ Holloway, p. 3.

³¹ Serrano, 1994, pp. 99-100.

³² Meyer, p. 1278.

³³ "Toward the New Millennium: A Civil Society Perspective," Proceedings of the Asia-Pacific Regional Consultation, Manila, Philippines, 14-15 October 1994, p. 4.

³⁴ Cesar Cala and Jo Dongail, (eds.) *A Call for People's Development: Selected Speeches of Horacio Morales Jr. from 1986 to 1989*, NCCP, 1990, p. 134.

³⁵ Meyer, p. 1278.

³⁶ Yamamoto, p. 193.

³⁷ Silliman, p. 8

³⁸ Data in this case study were obtained from Eric Batalla and Eduardo Morato, "Formulating Strategies: The Case of Philippine Business for Social Progress," PBSP, 1989; Gil Salazar and Ruth Callanta, "Financial Strategies for NGO Self-Reliance: The PBSP Experience," PBSP, 1987; PBSP Institutional Strategy 1991-1996, PBSP, 1991.

³⁹ Data in this case study were obtained from Horacio Morales, "The PRRM: A Case in Reviving and Transforming a Nongovernmental Development Organization" in Cala and Dongail, *op. cit.*; Institutional Plan 1994-1996, PRRM, 1994; SRDDP: Progress Report, January-June 1994; 1994 Accomplishment Report: Executive Summary, PRRM; Gerard Clarke, *op. cit.*

⁴⁰ Interview with Onong Marcos, PRRM, January 1995.

⁴¹ "Managing a Local Donor Agency: PBSP," from a case study written by Ernesto Garilao and Juan Miguel Luz based on an interview with Atty. Tan, Jr., President, PBSP, 1974-1989.

⁴² Morales, 1992, page unknown.

⁴³ Morales interview.

⁴⁴ "Managing a Local Donor Agency," page unknown.

⁴⁵ Morales interview.

⁴⁶ Horacio Morales, "Role of Civil Society in Development," paper presented at the January 12, 1994 Stockholm Seminar on the Role of NGOs in the Development Process organized by CIDA in Stockholm, p. 7.

⁴⁷ Interview with Aurora Tolentino, PBSP, June 1996.

⁴⁸ Morales interview.

⁴⁹ Tolentino interview.

⁵⁰ Interview with Lisa Dacanay, PRRM, January 1995.

⁵¹ *Ibid.*

⁵² "Toward the New Millennium," page unknown.

⁵³ Tolentino interview.