Philippine NGOs and foreign funding: Do they follow the money?

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• **Philippine NGOs: How important are they?**
  - One of the most dynamic sectors in Asia
  - Delivery of services and policy advocacy
  - Experiencing changes in policy environment starting late 1990s/early 2000s and ongoing

• **Donor policy change as an organisational shock or jolt**
  - Has the power to shape or re-shape the recipient’s discourse and practice (Lewis 1998)
  - Affects the core values and legitimacy of NGOs (Hailey 2000; Chambers 1997; Edwards et al. 1995; Smillie 1995)

• **Issues/questions**
  - How do NGOs respond to donor policy changes?
  - How do they make sense of an external shock?
  - Are they able to respond with innovation in the first place?
Changes in operating environment

Donor

Exogenous Shock - donor policy change

Donor-NGO relations

Strategic response

Local NGO

Interaction

feedback

Grassroots

Donor-NGO relations

Strategic response

Complex adaptive systems: Emergent behaviour---- self-organisation/ new forms of organising – collaborations, consortiums, networks
Data Sources

- Interview transcripts (key informants)
  (e.g., an interview with one NGO – 600 -700 pages while another- 500)
- Reports, documents
- Journal – documenting the phases/research nuances/observations/difficulties in the field

Data analysis

- constant comparative method; NVIVO
The Data

- CDM – rural development
  - President
- WHI- Women’s health
  - Executive Director
- UPPO- Urban poor
  - Executive Director
- KL Foundation- Services for migrant workers
  - Executive Director
- SAP – legal resource
  - Director
WHI

- Established in 1994
- It is a collective of grassroots women and men, health professionals
- Scope: policy advocacy, community organising, community-based health outreach programs and women’s clinics
• Started with small grants – solidarity funds
• Small funding/lack of donors - no one wanted to fund reproductive health services; “$10,000 here and there”; no local donor
• Hence, WHI was totally reliant on 2 major international donors

**Donor policy changes**
• 1999: Termination of donor funding when donor decided to support the Philippine Government (a “pseudo” shock)
• 30 NGOs were affected
• Another major donor exited in 2010 (the real crisis)
  - It was affected by the GFC.
• Declining levels of funding by another donor (the promised increase in funding from $45,000 to $100,000 per year for 5 years did not happen).
• Stricter and more frequent monitoring and reporting
Organisational impact

- Downsizing and offering early retirement of staff (some have been with them since 1989) – from 34 to 20 staff members

- Operating at the least possible cost.

“We are cheap that’s why the donors love us. In fact, some NGOs have complained that we are bringing down the costs of NGOs. The other NGOs probably think that funds are coming to us because we are cheap but we have a philosophy. Given our philosophy, we have to tailor our expenses and salaries to it....”
Strategic responses

- The harnessing social capital
  - Women and youths people’s organisations –
    - a federation of 20 community –based organisations with 4000 members and more than 300 women and youth leaders working closely with WHI
    - Members assist during maternal and medical emergencies in the communities as Reproductive Health sentinels; assist in income-generating cooperatives and relief operations during calamities; participate in local and national policy advocacy
  - Tapping networks (Bridging Social Capital)
    E.g., Submission of various proposals to the EU along with other NGOs involved in reproductive health.
• Capacity building all throughout the organisation, including federated POs
  
  “We have capacitated all our program people to do the reports.”

• Negotiating assistance in transitioning

  “The donor helped the affected NGOs in transitioning, including us.”

  “Ideologically and organisationally, we were always ready. We knew that everything might not last, but what we did not count was the fact that as you develop a field, it can grow branches. You create other needs, other competencies that allow you to sort of swim.”
UPPO

- A federation of 646 grassroots organisations comprising the urban poor who were relocated in 28 relocation sites in Metro Manila and in other areas outside of Metro Manila.
- Established in October 1970
- Funding from a church group in Germany
- Programs and activities:
  - Community organising
  - Children’s and young people program
  - Disaster risk reduction program
  - Gender equity program
  - Integrated primary health care and reproductive health
  - Community Development Center
UPPO’s many achievements

- In 2010, it was considered as one of the success stories of the United Nations Millennium Campaign.

- The construction of the Centre was a partnership of many groups, both local and international.

- One of the model communities that the educational institutions (e.g., the University of the Philippines) showcased as an excellent example of an integrated community development approach.
28 Relocation sites with a population of 2.4 million people; at time of interview, 700,000 more were about to be displaced.
Organisational Jolts

1) Internal corruption
   - lack of financial systems
   - lack of paper trail

2) Fragmented after 1986 (post- Marcos)

_Own text_: There were no more rallies to organise, no dictatorship to dismantle. More importantly, they realised that the communities that they were supposed to protect and help were already demolished and relocated.

“We had a tumultuous period in our history. There were questions, some financial issues, conflicts and bickering. But we saw these as a process- something that the organisation had to undergo.”
“We only had one funder. I was already the Executive Director in 1993 although I used to be a community organiser. The issue of sustainability came up. Actually, it first came up in 1990 during the assessment.”

But the work became bigger…

“For one, the relocation sites were far. Before it was just in Tondo. Going to those far-flung relocation sites entailed transport costs and we needed to stay in the areas so we had to establish offices in those areas. We realised we needed to generate other sources of funding. We never thought of that before. Hence, in 2000 we started to look at other donors…”

We got used to our donor. We relied solely on them. For one, we got used to the project cycles that we only prepare a project proposal every three years. We realised that we could not be sustainable without outside support. The donor helped us a lot but what if their funding stops? The members’ contribution was just 25% of what it should have been. However, there was one thing different with UPPO and other organisations. We had many volunteers and we still have.”
Strategic responses

- **Skills training on project proposal making**
- **Networking for sustainability**
  - Has been negligent on the aspect of networking for sustainability.
- **Smaller projects**
  
  "We have not changed our proposals to cater to donor conditions. What we did, however, was to change a big project into a smaller one. For example, we may have a project that is worth Php60 million so what we do is to break this into smaller components…”

  - **Social Capital – POs**
  
  “Some volunteers give three days per week, even five days per week, of their time. You can witness this during calamities such as a fire in the community or a typhoon. They are always there…”

- **Linking with Government (linking social capital)**
For example:

Their community centre is led by a group of women volunteers who are very instrumental in the continuing success. These women go around the community encouraging the community to participate.

“What these volunteers give is so much more than the monthly fee of Php5. Other members pay the membership fee plus their time. Some pay the fee plus some in-kind contributions. The in-kind contributions can take the form of just anything.”
• **Donors as partners**

UPPO sees their donors as partners and that UPPO is not just a recipient of donors’ money.

Hence, as a partner rather than a recipient has allowed UPPO to contextualise everything.

“We contextualise everything including our plans. There are NGOs that just follow what the donors want. Some NGOs just engage in just about anything and everything just to get donor’s money. They lose their focus.”
SAP

- A legal resource NGO founded in 1987
- Services: litigation, legal education, paralegal formation, policy work and research
- Operates all over the country; has 2 branches in Bicol and Mindanao with headquarters in Quezon City
- SAP belongs to a network of NGOs and POs such as the Alternative Law Group, People’s Campaign for Agrarian Reform Network
- Major funders: German, Dutch, US

Changes

- US based donor stopped funding in 2002 as it pulled out of the Philippines in the aftermath of the Sept. 11 terrorist attacks
- Shifts in donor thrusts and thematic programming: In 2006, another donor stopped funding all urban poor related programs of SAP
- **Organisational impact**
  - Downsizing and merging of teams
  - Shorter programs – easier to access

- **Strategic response**
  - The “network approach”
  - Intensive proposal submissions
  - Social capital in the form of a network of volunteer-lawyers (former employees)
  - Prioritisation of maximum impact activities

 Sense-making: Importance of maintaining integrity
 Understanding of donor situation
Major policy changes

- Declining levels of funding/lack of institutional funds
- Stricter monitoring and reporting/proposals
- Smaller thematic projects rather than whole-of-project funding or program funding

Emerging themes

- The harnessing of social capital
  - bridging/linking social capital
- Self-organisation – reallocation of energy and action
- Opportunistic behaviours (e.g., the breaking up of projects into its smaller components)

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