

Afterword: NGOs Face Bigger Challenges

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The late Renato Constantino once asked: “NGOs: boon or bane?”¹

NGOs are reputed to be do-gooders. They are, in the main, voluntary organizations doing a wide range of tasks in the public realm.

At the grassroots level, NGOs are involved in delivering goods and services traditionally provided by the state, in creating small-scale enterprises and hence generating jobs, and in building institutions of popular empowerment. Development NGOs are engaged in the advocacy to advance public or general interests—on economic reforms, human development, civil liberties and environmental sustainability, among others. Some are engaged in the production and dissemination of information, knowledge and technology. A few specialize in fostering culture and the arts. And there are networks that help strengthen and bridge human capital. All told, NGOs are in the business of promoting the public good.

Moreover, NGOs, as a component of civil society, contribute to enhancing the system of check and balance in relation to the state. They provide an answer to the question: *Quis custodiet ipsos Custodes?* Who will guard the Guardians? The guarding of the guardians becomes all the more necessary in a society where both state and market failures are prevalent, emphasizing the capture of the former by business interests.

Constantino's daughter, Karina Constantino-David—a well-known NGO personality and at times a reformer within the state—observes that Philippine NGOs wield a significant influence in Philippine society. She believes that, “academe, ideological groups, people's organizations, and, much later, development institutions and agencies, have also been constant and critical components in shaping the public discourse on the direction of the country.” NGOs² challenge the dominant paradigm and pursue their alternatives for reforms and social change.³ Yet she also acknowledges that NGOs are a heterogeneous lot and questions the purposes and functions of some NGOs (1998).⁴

Tainted Image

Indeed, some groups classified as NGOs have gained public notoriety. They have tarnished the clean image of NGOs. Politicians, for example, have used foundations—technically, NGOs—as conduits for laundering money or for keeping political and electoral financial contributions. A damning piece of evidence during the impeachment of Joseph “Erap” Estrada was the set of documents allegedly showing how *jueteng* money amounting to more than PhP200 million was transferred to the Erap Muslim Youth Foundation. Gloria Macapagal-Arroyo also maintains foundations. Recall the admission of Mark Jimenez, a crony of former President Estrada, that he contributed PhP8 million to Macapagal-Arroyo through the Lualhati Foundation at the time that she was the Vice President. It is common knowledge that national and local politicians, even the petty ones, have their own NGOs for money laundering, self promotion and the like.

Corruption is not a rare occurrence in the NGO sector though probably not as bad as in the public sector⁵. Anecdotes circulate about how NGOs or NGO people are involved in corrupt practices. It is surprising that, except for occasional stories from the media, the survey or dissection of NGO corruption in the Philippines is undeveloped in the literature. Aldaba in his essay recognizes the problem, for even he has to cite a foreign study about NGO misdeeds globally and say that the enumeration “looks familiar” and applies to the Philippine situation.

An interesting expose done by *Newsbreak* (Rufo 2002) concerned the alleged misuse of foreign donations and unethical financial transactions committed by the Child Sponsorship Program of the Philippine Children's Fund of America. As a result, this NGO sued *Newsbreak* for libel.

It is not only the "mutant NGOs," as it were, that have made NGOs look bad. Even development NGOs known for progressive causes have not been spared from controversies:

A case of alleged NGO corruption that attracted media attention in the summer of 2002 concerned the mismanagement of the Global Environment Fund for the Philippines. The World Bank is the lead global institution responsible for the allocation of the Fund; in the Philippines, it assigned the management of the Fund, amounting to US\$20 million, to a consortium of 25 NGOs, collectively known as the NGOs for Integrated Protected Areas, Inc. (NIPA). Subsequently, the World Bank charged that some officers of NIPA engaged in deals that violated the conflict-of-interest principle and that NIPA misused grants amounting to approximately PhP500 million (Soriano 2002).

Similarly contentious was the issuance by the National Treasury of zero-coupon bonds with special features (reserve eligibility and tax exemption), popularly called the PEACE bonds, which netted PhP1.4 billion for the Caucus of Development NGOs (CODE-NGO). This was the subject of headline news and editorials in the first quarter of 2002. The PEACE bonds issue deeply divided the NGO community and other civil society groups, with NGOs, academics and the media from the opposing side saying that the PEACE bonds transaction was unsound, from policy, political and ethical perspectives.⁶ Some quarters attributed the CODE-NGO's gain from the PEACE bonds to political connections.

Without necessarily passing judgment on the examples cited above, we can nonetheless agree that they serve to underscore the seriousness of the issues and problems that confront NGOs. The said controversies have brought NGOs to intense public scrutiny. Whether such controversies have caused the diminution of public trust for NGOs remains to be seen.

As Serrano stylishly states in his essay, NGOs "are not the saints some of us paint them to be." Thus, even though NGOs are abstractly recognized as both

constitutively desirable and instruments for reform, they should not be placed on the pedestal. To paraphrase Constantino (1989), NGOs have positive and negative aspects, and their role and impact in the process of development should be examined critically.

Still, the disturbing cases of NGO corruption or misbehavior that have been revealed to the public should not negate the basic proposition that NGOs are a vital cog of Philippine development.

It is against this backdrop that the contributors to this volume have tackled some of the critical issues that beset Philippine NGOs. To wit: accountability, transparency and legitimacy (Aldaba and Serrano); internal governance, effectiveness and efficiency; (Aldaba); financial management and sustainability (Aldaba, Fernan and Serrano); and policy reform advocacy and relationship with the state (Co and Serrano).

Accountability and Transparency

NGO accountability and transparency are arguably among the most debatable issues. The editor of *Newsbreak*, Marites D. Vitug (2002), poses a provocative but valid point: “NGOs need to apply accountability and transparency—their buzzwords—to themselves.” It is precisely the lack of transparency and accountability of some NGOs that have made NGOs as a whole vulnerable to the criticisms of NGO skeptics.

NGO critics, especially the politicians, question the lack of legitimacy of NGOs. They argue that NGOs are not accountable to the people whom they profess to serve because NGO leaders are not subjected to the grueling test of elections. After all, elections serve to discipline politicians and to make them accountable (Solon, Fabella, and Capuno 2002). Politicians are motivated to perform well and deliver a necessary minimum of goods in order to get re-elected.

The point about elections as a disciplining mechanism is undeniably correct. However, to overemphasize elections as a device for accountability and to ignore other means is a narrow-minded view, for there are ways to achieve accountability and legitimacy other than elections.

In the first place, it must be emphasized that NGOs are first and foremost accountable to themselves—to their constituents or members. This we can call internal accountability, which requires institutional rules and a motivated leadership that is capable of sound NGO governance and management.

That said, since NGOs are involved in activities in the public realm that affect people outside their constituency and produce spillovers (the externalities), they must be held accountable to society. Hence, NGOs are constrained by laws and regulations and are subject to supervision and monitoring by public institutions. Regulatory oversight enables, or even compels, NGOs to disclose information and analysis of their activities, performance and financial situation. Analysis on the yearly reports submitted by NGOs to the Securities and Exchange Commission (SEC) may prove instructive and interesting.

To be sure, government regulation of NGOs is easier said than done. Philippine regulatory institutions are generally weak. The capable ones, on the other hand, are overburdened, besieged by too many responsibilities and functions. For example, the SEC is one agency responsible for regulating NGOs. But understandably, the SEC cannot focus on NGOs, for this is neither its *raison d'être* nor part of its core competency.

In light of weak government regulation, self-regulation becomes an important mechanism of accountability and transparency (see Aldaba's essay). NGOs in various networks or coalitions have developed their own code of conduct or code of ethics which can serve to deter abuses and misbehavior. The question though is whether the rules are followed and more importantly, whether enforcing mechanisms are in place or set in motion to give teeth to the rules. It must likewise be stressed that the rules should apply evenly to all.

Some of us are familiar with stories about how certain NGOs or NGO personalities violated the code of conduct but got away with this either because of the lack of enforcement or because the penalty or the disciplinary measure is negligible.

A novelty is the creation of the Philippine Council for NGO Certification (PCNC), founded by NGOs and endorsed by the Fidel Ramos administration, which provides a system of accreditation to determine the qualification of Philippine NGOs to receive tax-exempt contributions from private entities. The PCNC

also aims to promote more transparent NGO financial systems. It is run by NGOs, although the Department of Finance and the Bureau of Internal Revenue are represented in its board of trustees.

Aldaba in his essay enumerates the criticisms of the PCNC. An additional point to stress is that the PCNC evaluation can also be compromised by the reliability of information on the NGO being evaluated. It is an example of what economists call asymmetric information, leading to non-optimal or distorted outcomes. Be that as it may, the PCNC has gained enough experience to evaluate NGOs. One common NGO problem it has noted is the inadequacy of financial systems and procedures, including internal controls (Vitug 2002).

Last but not least, the market is a test of NGO accountability. Let me deviate a bit from NGOs and use journalists as an example. Journalists or columnists, like NGO leaders, are not elected by the people, but they can and do speak and write on behalf of the public interest. But do the ideas and actions of, say, Conrad de Quiros lack legitimacy just because he is not publicly elected? Arguably, Filipinos give more respect and attention to de Quiros than to an outspoken *trapo* (traditional politician) in Congress. But the legitimacy is earned—measured, for example, by the number of readers of de Quiros’s column. But the columnist cannot rest on his laurels, for he can lose the public’s faith anytime because of an error or wrongdoing.

The same test applies to NGOs. Effective and performing NGOs receive public support. And the public as well as donors will ignore or reject NGOs that are corrupt, unresponsive, irrelevant and inefficient. In this regard, we return to the value of information, so people can make a sound judgment on the performance of NGOs.

The rejection of corrupt or non-performing NGOs will lead people to turn to other institutions to provide them the goods or services they seek. This is one reason why the pluralism of and competition among NGOs should be seen in a positive light. Furthermore, competition, or just the threat of it, helps create the conditions for NGOs to be accountable, effective and efficient.

Competition and a healthy relationship among NGOs can go hand in hand. Here, we gain from Serrano's insight: "[NGOs] must first recognize what keeps them apart even as they build on those things that bind them."

Effectiveness and Efficiency

The second set of issues that bedevils NGOs pertains to governance, effectiveness and efficiency.

A serious charge against NGOs is that their very nature makes them both inefficient and ineffective. Undoubtedly, NGOs, like any other type of organization, face distinct institutional problems. But these problems do not necessarily render NGOs inefficient *ab initio*. Below are some stylized observations that underpin the argument about NGO inefficiency.

The first is that NGOs lack the mechanisms of accountability and transparency. This paper has responded lengthily to just this point in the preceding section. It is acknowledged that much still has to be done to promote accountability and transparency. But the mechanisms exist, and the problems are surmountable.

The second is that voluntary organizations lack the financial incentives for NGO people to perform efficiently. Related to this is the low pay received by NGO personnel. Surely, material or economic incentives matter. But they alone cannot explain human behavior. NGO leaders, especially, have made a free and deliberate choice to work in voluntary, non-profit or cause-oriented groups, mindful that the compensation is below what the business sector can offer.⁷ In other words, they willingly deny themselves the high opportunity wage. It has to be emphasized that NGO leaders and officers are highly trained and highly educated.⁸ Hence, they are considered prize recruits by the business sector and the academe.

The value of non-economic incentives should not be underestimated. In the literature, highly respected economists have argued that economic incentives are not enough to explain the behavior and performance of managers or executives (Simon 1991, Akerlof 1991, and Stiglitz 1994). The identification with an ideal, a cause or an objective is a powerful motivation. This identification oftentimes entails solidarity, hard work and sacrifice. And all this is precisely what NGOs have.

Some may be astonished as to some how the mass organizations and NGOs of the radical Left (the so-called “reaffirmists”) have sustained themselves over the years despite facing severe financial constraint in the wake of the withdrawal of financial contributions from erstwhile donor supporters. They have even managed to expand their ranks and to intensify their efforts despite the absence of a revolutionary situation. Without delving into the exact factors that motivate the cadres and activists, one can hypothesize that they are likely non-economic.

In the longer view, the non-economic incentives by themselves are not sufficient to improve NGO effectiveness and efficiency. Aldaba points out the need to increase the compensation for NGO staff though he likewise qualifies that their pay is comparable to that in the public sector. The challenge is to find the complementation of economic and non-economic incentives.

The third stylized view is that the nature of voluntarism collides with the “professionalization” of NGO work. This is actually a myth, for voluntarism and professionalism can go hand in hand. (The cadre party comes into mind. The rules are severe and the organization is tight, but the full-time cadres are driven by voluntarism and commitment.) “Professionalization” refers to the institutionalization and formalization of rules and the systematization of management and financial systems. Nevertheless, the adoption of “professionalization” does not negate the accommodation of informal rules and arrangements. In fact, even in business, informal rules are sometimes the norm—e.g., the experience in China and in other parts of East Asia, where entrepreneurship and investments flourish despite the lack of formal contracts.

Finally, there is the view that NGOs are disadvantaged by their weakness in dealing with market mechanisms and signals. It is argued, for instance, that subsidies (or grants) to NGOs, by their very nature, undermine efficiency. In the same vein, since the goods or services that NGOs provide are subsidized or offered free, the recipients or beneficiaries are not as demanding of the quality of NGO products or services. The flaw in this argument is that NGOs are being measured against the standard of business whose reason for being is to amass profits. NGOs are non-profit organizations; they are engaged in work that is qualitatively different from the profit-seeking activities of business enterprises.

The products or services offered by NGOs resemble the public goods provided by the state. In this light, subsidies are acceptable; in fact, desirable.

One can likewise argue that grants per se do not distort the incentive to perform. The grants serve as a carrot. This, of course, has to be combined with the credible threat of imposing a penalty, including grant withdrawal, in the event that recipient NGOs fail to deliver. The problem arises (e.g., moral hazard) when the grant is not tied to performance or when the carrot comes without a stick.

To reiterate, market indicators are not the most appropriate benchmark to measure the efficiency and effectiveness of NGOs. As an illustration, let us suppose that the mission of the NGO is to promote primary health care among the poor. If this NGO is more concerned about the recovery of cost—thus focusing more on charging user fees—it loses sight of its mission. The NGO thus becomes ineffective in carrying out its mandate. This is not to suggest that market indicators be discarded altogether. In the example above, NGOs can charge fees from those in the community who have the ability to pay.

It is hence necessary to develop alternative indicators that are more sensitive to specific NGO characteristics. Herzlinger (1994), for example, shows how indicators can be developed on the basis of answers to questions that revolve around the following: consistency between goals and financial resources, intergenerational equity, match between sources and uses of funds, and sustainability.

It goes without saying that effective oversight must set up to monitor the indicators. Putting monitoring and evaluation (M&E) systems in place has become fashionable, although this is externally driven—that is, required by donor agencies. This is a welcome development so long as it is principally used for internal learning. The tendency to do M&E just to please donors is harmful since the outcome only serves external demand so that the lessons might not be institutionally absorbed.

Another word of caution is that the M&E should be designed to be as simple as possible. The efforts (as well as the time and money) devoted to M&E should not come at the expense of sidetracking the NGO from pursuing its central mission.

Financial Sustainability

Financing is a serious constraint, and the sustainability of NGO operations is threatened by the continuing decline of development assistance from donor governments and private donor institutions.

The signals are clear. Generous Northern European donors such as Denmark and the Netherlands have either withdrawn or scaled down development assistance to the Philippines. US private donor agencies, known for their progressive or liberal standpoint, have moved out of the Philippines one by one. The decision of Ford Foundation, already an institution in the Philippines, to close its Manila office is perhaps the biggest shock.

The reasons behind declining assistance have become too familiar—donor fatigue, financial losses of private donors, rise of conservative governments in donor countries, reallocation of aid to the poorest or to war-ravaged countries, complications of the war on terrorism, geo-politics, etc.

NGOs must now wean themselves from dependence on external funding. The options, at any rate, are limited. Most sensible is for NGOs to raise their capability to internally generate financial resources. Admittedly difficult, internal generation of financial resources may be the best means to achieve financial stability for the long haul.

But given the existing capabilities of NGOs together with the present state of giving among Filipinos (see the result of surveys in Fernan's essay), it is unlikely that the internal generation of funds would be enough to cover NGO operations, much less ensure financial sustainability.

At first glance, the data from the survey used by Fernan is disappointing: Filipinos are more inclined to give to individuals they know than to organizations. And acts of volunteering mainly take the form of praying, giving advice and lending money without interest. On the positive side though, Filipinos are ready to give and do voluntary work. The high incidence of giving comes as a pleasant surprise, albeit the low amounts given, which is understandably a function of income.

The question is whether NGOs can tap the positive aspects and influence the mode of giving and volunteering. This requires an intensification of information

dissemination and education. Again, this is not easy work, and the gains are not immediate. Some NGOs would rather look for other “creative” means to generate funds.

Philippine NGOs also have a reputation for proposing and effecting innovative fund-raising schemes. The variants of debt-for development swaps discussed in Serrano’s paper have often been cited as examples. These debt-swap schemes, unfortunately, have been exhausted.

Given the above constraints, it is not surprising that NGOs have turned to the Philippine state for funding. National and local government budgets are robust sources of funds for NGO programs and projects in the pursuit of state resources.

The downside of this is that NGOs, especially those who profess to be politically independent, risk co-optation and involvement in partisan and patronage politics.

The lobby to obtain economic or financial gains is legitimate. The danger though is to be sucked into becoming self seeking in the process. Resources and political connections can be and have in fact been used to change or slant rules towards obtaining particularistic outcomes.

Advocacy

The relationship between the state and NGOs is quite complex. The common view is that in the Philippine context, the relationship is oppositional and fractious. Even though NGOs have a heterogeneous composition, they in the main represent and articulate progressive views. The Philippine state, on the other hand, has essentially been perceived (and rightly so) as conservative. The conservative, if not reactionary, forces have had no difficulty neutralizing the weak reformist stream in the bureaucracy and in different political administrations.

Thus, substantive policy reforms, especially those proposed by the progressive groups, are minimal. Even the most popular reforms are undermined—the comprehensive agrarian reform program being the prime example. Hence, the rare instance of attaining progressive policy and institutional reforms becomes a sweet victory. The essay of Co provides insights into how these rare victories happen.

More importantly, her paper distills the lessons from the success stories at the same time that it pinpoints the weaknesses in the advocacy.

Co's paper draws from case studies of the advocacy of 12 NGOs (Co 1999), including the Freedom from Debt Coalition (FDC). I am most familiar with the experience of the FDC, especially during the heyday of its advocacy for the reduction or cancellation of the tainted debt incurred by the Ferdinand Marcos dictatorship.⁹

The FDC experience has been emulated elsewhere.¹⁰ We can draw a number of positive lessons from the FDC with regard to sound national advocacy. I highlight some of the lessons below.

First, an advocacy group must be able to win the support of the broadest segment of society, cutting across the different geographical regions. The NGO (or coalition) advocacy is further strengthened by the participation of other civil society institutions such as the Church (different denominations), the academe and the media. Politicians and policy-makers are more responsive to an advocacy that can mobilize a broad national constituency.

Second, in the case of a coalition advocacy, the organization must respect differences, especially the political and ideological contradictions. The key here is to be clear about the unity on the organization's specific mandate and program. By sticking to the specific mandate, the coalition is able to preserve internal unity. Along this line, the organization has to adopt flexible, even informal, mechanisms and processes to build trust among the members and to respond to complex, fast-changing conditions.

Third, a point likewise emphasized in Co's essay is that solid technical analyses as well as academic studies have to support the positions and demands of the popular struggle. It is here where academics and technicians play a distinct role in the advocacy. The FDC then had a leadership that was composed not only of political stalwarts and cadres but also of noted academics from different disciplines.

Fourth, the seeking of just compromises is a virtue. The formulation of public policy under liberal democratic processes accommodates differing demands. And in a struggle between a superior force and an underdog, the latter has to calculate

which battles can be fully won and which should be subject to concessions and compromises. Flexibility and reasonableness are indeed endearing traits. Maximum demands have to be compromised, without sacrificing the basic objectives and the forward movement of the overall struggle. As Co points out: "Advocacy's intended objectives are not necessarily the achieved outcomes."

A final lesson, which is relevant to this afterword, is that the international component of the advocacy also plays a crucial role since many development issues are linked to globalization. To gain headway in the international advocacy, the advocacy group or coalition has to forge a robust partnership with global NGOs or with NGOs in other countries.

It is difficult to measure the impact of NGO advocacy. In the FDC case, the desired strategic policy objectives—e.g., a cap on debt-service payments and a repudiation of fraudulent loans—did not materialize.

And even in the exceptional circumstances that policy reforms were obtained, proof would have to be shown that the gains could indeed be attributed to the NGO advocacy. Kelly (2002) stressed that one cannot find "simple methods" for measuring the performance of NGOs engaged in advocacy. Nevertheless, Kelly identifies the features of effective advocacy which can be used as performance indicators. These include: the legitimacy of the NGO, the clarity of its strategy and objectives, and the strength of its relationship with partners or allies.

But in evaluating policy, one must likewise be critical of the content or substance of the policy that the NGO advocates. A policy adopted by the NGO, regardless of its good intention, is not necessarily the correct or optimal one. Because no one has the monopoly of a correct policy, NGOs must welcome the competition of ideas. "Let a hundred flowers bloom, and let a thousand schools of thought contend."

NGOs are bound to have different policy positions. Disagreements are fairly common and we accept this as a fact of life.¹¹ To borrow the famous quotation from Beaumont and Fletcher: What's one NGO's poison is another NGO's meat or drink.

Moreover, some of the disagreements go beyond policy to become debates on paradigms. To illustrate, NGOs disagree on how important economic growth is for

development. The mainstream view is that growth is a necessary though admittedly insufficient condition to reduce poverty. A number of influential NGOs and their personalities, however, de-emphasize the role of growth. Growth, they say, produces inequity and harms the environment.

We must avoid putting a dichotomy between growth and equity. Equity serves as a foundation for sustained growth. It is nonetheless acknowledged that the tradeoff between the two occurs in many instances. For instance, the concentration of public resources on high-growth urban areas can accelerate over-all growth but has marginal impact on poverty which mainly proliferates in the rural areas. On the other hand, while the shift of resources to poverty-ridden areas will have a substantial effect on poverty reduction, this may not immediately translate into a higher growth rate in national output.

Some groups—particularly those associated with deep ecology—have raised serious concerns about the environmental degradation arising from rapid growth. For environmental reasons, they prefer low growth to high growth. We cannot deny a real tradeoff between high growth and ecological protection. Growth requires the further exploitation of primary resources. Yet growth is necessary to attain poverty-reduction and other development goals. Hence, the optimal balance between growth and environmental concerns must be found at the same time that the tradeoff between the two must not be grossly exaggerated.

Advocacy for general public interests is far less controversial since society at large benefits. Co and Serrano provide some examples of such advocacy: environment, justice and human rights, and consumer welfare. These are undeniably public goods.

NGOs that promote narrow interests are more vulnerable to criticism. We should bear in mind the distinction between public interests and particularistic interests. Generally, business lobby groups are more oriented towards serving the latter.

A final point is that national reform advocacy is enhanced by having solid allies in the government. Especially in a situation in which the party system is weak and progressive political parties can at best win a handful of seats in Congress (through the party-list system of representation), NGOs are understandably drawn into poli-

tics. They support personalities, usually from their ranks, who would become part of the ruling administration.

Complications arise when the regime co-opts the NGOs or worse, “bribes” the NGOs (e.g., easy access to state resources, appointment of NGO leaders to high-paying posts in state enterprises, etc.) in exchange for political support.¹² Any NGO has the right to support politicians or an administration. The NGO that opts for this, however, should be transparent about its political bias and drop the pretension of political independence. It cannot then be credible in performing the civil society role of “guarding the guardians.”

Conclusion

This volume has tackled some of the most critical issues and challenges confronting Philippine NGOs. The survey and analysis of issues are far from complete, but we hope the volume can serve to stimulate rethinking and to push forward the debate among NGO practitioners and policy-makers on these critical issues.

The afterword is an attempt to consolidate and highlight the main issues, namely: accountability, transparency and legitimacy; NGO governance, efficiency and effectiveness; financial management and sustainability; and advocacy and NGO-state dynamics.

As Serrano observes, the questions facing NGOs and the bigger civil society “are not new,” but these questions still “beg for answers.” A forward-looking view, without contradicting Serrano, is to situate the NGO challenges in the broader context of Philippine society’s transition. The transition in society also affects its institutions, including the NGOs. The incremental but cumulative changes in these institutions, in turn, would influence the direction and shape of society’s transition.

Perhaps NGOs have reached a crossroad after so many twists and turns in a long historical journey. It is then not just a question of NGOs doing better on all fronts. The main challenge is for NGOs to blaze new paths that can bring society closer to a higher level of development and democracy.

Notes

- 1 This was the title of Constantino's column in *Philippine Daily Globe*, 16 May 1989.
- 2 I define NGOs in the way the United Nations uses the term—a generic term that covers many types of organizations (e.g., people's organizations and coalitions) that exist separately from the state and the business sector.
- 3 Also see Aldaba (1993) on the role of NGOs in the movement for social transformation.
- 4 For instance, she has a category called "mutant NGOs," which include government-run and initiated NGOs (GRINGOs); business-organized NGOs (BONGOs) which are used for narrow ends like tax shelters, and fly-by-night NGOs (COME N'GOs).
- 5 I use then term "corruption" in a liberal sense. The commonly accepted definition of corruption is the "abuse of public office for private gain."
- 6 Aldaba and Serrano mention this controversy in their essays for this volume. See Debuque (2002) for a comprehensive analysis of the issue on PEACE bonds.
- 7 Note, however, that a few NGOs such as corporate foundations, donor NGOs and locally based international NGOs can match the compensation rates in the business sector.
- 8 This, for instance, is shown in the survey data used by Aldaba.
- 9 The author served as the FDC's secretary general from its founding Congress in the first quarter of 1988 until the first quarter of 1996.
- 10 Indonesian NGOs, in the aftermath of the fall of the Soeharto dictatorship, formed the *Koalisiyon Anti Utang* (KAU), literally translated as Anti-Debt Movement, which is patterned after the FDC.
- 11 A fine example is about tariff protection. The Fair Trade Alliance, a coalition of NGOs and some business groups, supports the protection of the cement and petrochemical industries. Other groups such as Action for Economic Reforms have opposed this, arguing that the social costs of the protection exceed the benefits. Another interesting debate is about the effectiveness of minimum wage as a tool to protect the welfare of workers. The debate pits reform-oriented economists and policy cadres against organized labor. It is, of course, to the interest of the trade unions to have a legislated minimum wage. On the other hand, the policy cadres and some academe-based NGOs argue that in a situation of high unemployment and underemployment, the legislation of minimum wage, while beneficial to the organized workers, hurts over-all employment as well as the welfare of the unorganized informal workers and the unemployed.
- 12 Conrad de Quiros has time and again written about this in his columns. Former Cabinet official Ernesto Garilao has said in several conversations with the author that NGO favoritism and NGO partisanship became evident during the Ramos administration and was more pronounced under the Estrada and Macapagal-Arroyo administrations. Hence, we see the rise at different periods of pro-Ramos, pro-Estrada and pro-Macapagal-Arroyo NGOs.

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