

1 | Introduction

DECADES OF DEVELOPMENT WORK have revealed the limitations of states and markets in addressing fundamental social issues. This has led to increased recognition of the importance of non-government organizations (NGOs) in the human development process.¹ The Philippine NGO community is an example of the key role NGOs play in a vibrant civil society.

Much of that work has been sustained by a combination of factors. First, the “semi-voluntary” NGO sector pays workers substantially less than other sectors.² This creates an ironic situation where those who want to “do good” must make personal sacrifices to continue the work. To quote Prof. Vic Limlingan of the Center for Development Management Program at the Asian Institute of Management, “the challenge is to do good and to do well.”³ Secondly, a major source of NGO funding is grants and contracts from international donors.

An unexpected division of labor has emerged—donors concentrating on providing funds and development education, and NGOs concentrating on program development and implementation.

This, however, is not a sustainable formula in the long-term because:

- Political conditions and priorities in donor countries have resulted in changing and reduced levels of official development assistance.⁴
- There has been more competition from less developed countries. For example, Helvetas, a Swiss donor agency, announced that it will be ending its Philippine program in 2001 to shift resources to other countries closer to Europe.
- Volatility of regional markets and government policy constraints also affect the flow of assistance. In Japan, for example, grant funds from private foundations are limited because the foundations are required to invest in government securities. With current returns virtually negligible, the funds available for grants are also reduced.

The Broader Implications of Fund Raising

Fund raising is not just about money. It is about touching people's lives and getting more people involved in eliminating the dehumanizing poverty and solving other social problems.⁵

On the NGO side, fund raising strikes at the core of their own legitimacy, accountability, and transparency. For years, NGOs have been at the forefront in demanding these attributes from its government, public officials, and corporations. Yet, because the majority of funds are from international sources, there is a concern that the work of NGOs does not reflect the views of the communities in which they work. Some NGOs proudly proclaim that they “represent the interests of the community or the masses.” When challenged, however, few have real evidence to support this contention. Fund raising is one of the most tangible ways in which NGOs prove the legitimacy of their cause. It is about identifying, nurturing, and mobilizing a “constituency.” Therefore, when NGOs argue that they “represent” the interests of distinct sectors in society—the disadvantaged, the homeless, urban poor, and so on—one measure of that claim is the extent to which Filipinos contribute, financially or in kind, to the cause.

It is recognized that it is easier to go to donors, who are in the business of giving away money, instead of to individuals in the community. However, going to the communities and asking people to give some of their hard-earned money is an effective method of increasing the accountability of NGOs. A skeptical but hopeful public wants to know that their P500 donation made a difference, and how.

The Purpose of the Book

The growing body of literature on fund raising and resource mobilization is primarily for the more developed countries. A few publications, such as CIVICUS's *Sustaining Civil Society*, provide an excellent overview of a variety of vehicles for mobilizing resources in developing countries.⁶ While these are very helpful in introducing new ways of thinking and providing examples for NGOs, it is recognized that more country- or region-specific material needs to be developed.

In the Philippines, there are some sources of information on fund raising.⁷ Venture for Fund Raising maintains a small fund raising infor-



mation center open to the public. This service complements the organization's consulting, research and training activities.⁸

This book is a modest effort to strengthen NGO financial sustainability in the Philippines by documenting and disseminating country-specific strategies, principles, and techniques for mobilizing local resources and expanding philanthropic giving. It aims to:

- provide training material for fund raising training courses,
- establish a baseline of the individual donor market, and
- provide evidence to skeptical NGOs that it is possible to diversify their funding sources to include individual Filipinos and earned income.

The Structure of the Book

This book is divided into two parts, reflecting the twin sides to fund raising—asking and giving. Part One includes a pioneering effort to determine the “donor or gift market” in the Philippines. It highlights to which causes people give, why they give, and how much they give. It provides a sense of the potential size of the individual gift market and how best to approach potential donors. Part Two focuses on the “asking” side of the equation—how NGOs raise money. It is divided into four chapters: chapter 5 provides an overview of the case studies, and chapters 6 to 8 feature cases that focus on the role of individual giving, volunteers, and earned income. Each case has a specific theme developed to highlight an issue, and discusses how the organization addresses that issue.

Framework

Anecdotal evidence shows that many Philippine NGOs have survived primarily from grants. This dependence is at the core of the problem of financial sustainability, because donors who provide grants rarely provide money to build endowments. The challenge thus confronting most NGOs is to diversify non-grant sources of funds. Given that, the cases and the survey focus primarily on individual donors and earned income.

Earned income is a potentially important source of sustainable financing for NGOs. This includes micro-credit; fee-for-services such as training; contracts with governments, foundations, bilateral and multi-lateral development agencies; publications; and conference-organizing,



among others. In the Philippines, the pioneers are the Philippine Business for Social Progress (PBSP), Tulay sa Pag-unlad micro-credit programs, and the Foundation for a Sustainable Society, Inc. Non-profits in the United States raise over half of their annual revenue as earned income. In Bangladesh, the Bangladesh Rural Advancement Committee (BRAC) raises almost \$30 million annually from enterprises ranging from a chain of handicraft stores to an Internet service. As the cases will show, earned income poses its own unique set of challenges to NGOs.

The least developed and potentially most important strategic source of funds is individual gifts and contributions. Most foundations, corporations, and bilateral donors are generally unable to support the building of endowments, the cornerstone of a financially sustainable organization. Given that, many NGOs survive from grant to grant.

Individuals are critical to a balanced fund raising effort for two reasons. One is that they provide a broader financial foundation. Many of us have heard of NGOs who have either closed down or gone into hibernation because their single donor changed priorities. Raising money from individuals insulates the NGOs from the volatility and vulnerability of grant dependence. If only one grant-maker changes their program, the impact is felt across the NGO. However, if one individual donor does not renew his pledge, the NGO still survives. A second important reason is that individuals have the flexibility to transfer assets and estates—a potential source of long-term NGO financial sustainability since these are the building blocks of endowments. ▀

Notes

- 1 The term NGO will be used to refer to all non-profit organizations, including those identified in the International Classification of Nonprofit Organizations (ICNPO).
- 2 Based on a salary survey conducted by the Ford Foundation office in Manila.
- 3 Basic Course on Fund Raising, Manila Galleria Suites, May 1999.
- 4 For a more detailed discussion, see *Donor Trends: A Resource Book of Development Assistance in the Philippines*, Association of Foundations (AF) and CODE-NGO, 2000; and Raul Gonzalez' *Official Development Assistance in the Philippines 1986-1996*, CODE-NGO, 1998.
- 5 Dan Songco, comments during a peer review of research findings, Ateneo de Manila University, November 2000.
- 6 Another example is Michael Norton, *The Worldwide Fundraiser's Handbook: A Guide to Fundraising for Southern NGOs and Voluntary Organizations*, 1996.
- 7 The current resources include: Gina Velasco, "Corporate Philanthropy in Asia: The Philippine Case," City University of New York, 1996; Jaime Faustino, "Traditions in Philippine Philanthropy," 1997; Soliman et al, *NGO Strategic Management in Asia: Focus on Bangladesh, Indonesia and the Philippines* (ANGOC: Manila) 1988; Juan Miguel Luz, "Strategizing the Future: Philippine Business for Social Progress," in *The Man-*



agement of NGOs: *Case Studies of Asian Non-governmental Organizations* (Approtech Asia, Manila, 1991); Victor Tan and Maurino Bolante, "Philippine Business for Social Progress," in *Voluntary Sector Financing Program, Case Studies of Foundation-building in Africa, Asia and Latin America*, Synergos Institute, 1997; Teresita del Rosario, "Foundation for the Philippine Environment," *Voluntary Sector Financing Program, Case Studies of Foundation-building in Africa, Asia and Latin America*, Synergos Institute, 1997; G. Sidney Silliman, "Bilateral Programs of Official Development Assistance to Non-governmental Organizations: Innovative Models from the Philippine Experience," International Center, California State Polytechnic University, Pomona, 1994.

8 For more information, visit www.venture-asia.org.

