

# PHILIPPINES

REDINESS LEVEL

LOW

Despite a decline in poverty headcounts to only 2.7% in 2018, income inequality in the Philippines was recorded at 42.3 in the World Bank GINI Index of the same year, among the highest in Southeast Asia.<sup>1</sup> Domestic philanthropy is expected to increase in the face of declining foreign funding with the country being classified as a middle-income country. This may partially explain the lack of interest among Filipino donors for giving outside of the Philippines. Diaspora giving and philanthropic investment are crucial to economic recovery and long-term development in the post-COVID-19 scenario.



## CROSS BORDER GIVING INDEX

SCORE

1.00



## REGULATORY INDEX

SCORE

2.70

There is limited cross-border philanthropic giving from the Philippines. Conversations with multiple stakeholders in the sector indicate limited activity in funding outside the Philippines. All four grantmaking foundations interviewed focused solely on domestic causes. One foundation engaged in an overseas leadership training programme for Filipino-Americans.<sup>2</sup>

NGOs depend highly on foreign funding and may need to expand funding sources in the face of shrinking foreign aid. Half (54%) of social development organisations surveyed for the Doing Good Index 2020 received foreign funding, which made up a fifth of their budget on average.<sup>3</sup> The sector has observed consistently strong private philanthropy inflows channelled through diaspora groups, INGOs, and large local nonprofit organisations. Two-thirds of NGOs in our survey reported an increase in foreign funding in the last five years, mostly from individual and corporate donors and private foundations abroad. This could be partially credited to efforts to widen donor reach through online platforms such as Benevity, Raise Now, etc. and local giving platforms like Paymongo, DragonPay and GivingHero, as well as grantmaking intermediaries such as Give2Asia.

Although there are no explicit legal restrictions on outbound donations, the approval process is perceived to be rigid and challenging.<sup>4</sup> Organisations that fail to comply with requirements of the Bureau of Internal Revenue may be forced to close.<sup>5</sup> Some Filipino donors give from offshore accounts in locations where regulations are clearer or where they perceive less risk.<sup>6</sup>

The Philippines is relatively lax about receiving foreign donations but has tightened regulations on cross-border flows. Any cash inflow of more than US\$10,000 must be declared to the Central Bank and may be subject to investigation under anti-money laundering (AML) and counter-terrorism financing (CTF) policies.<sup>7,8</sup> Recipients may be asked to submit other requirements, such as financial reports, sworn statements of declaration of funds, and certificates of existence of programmes and activities. In 2021, the government announced that recipients of foreign government funding must be reported to the Department of Foreign Affairs.<sup>9</sup> These policies' effect on NGOs' ability to receive foreign funding remains unclear and the sector is watching with caution.



## INFRASTRUCTURE INDEX

SCORE

1.38

With over 80,000 registered NGOs, the Philippines has a robust social sector and vibrant philanthropic ecosystem. There is an active advocacy community among civil society organisations.

According to the Philippine Trust Index 2021,<sup>10</sup> public trust in the NGO sector grew from 37% in 2019 to 70% in 2021. This positive development may reflect the sector's visibility during the COVID-19 pandemic. Although the Philippines Council for NGO Certification (PCNC)<sup>11</sup> does not grant tax incentives to foreign donors as it does to domestic donors, the increasing number of NGOs seeking PCNC status each year, coupled

with increased trust in the sector, illustrate the sector's readiness to improve accountability and governance.

However, many NGOs reported lacking fundraising capacity to access a wider range of funding sources including foreign funding and through digital funding platforms, which have become prominent mechanisms due to the COVID-19 pandemic. Only a quarter of NGOs who responded to our survey reported having dedicated staff for fundraising; all of them indicated needing more internal fundraising capability to unlock funding potential.

ECOSYSTEM SUPPORT ROLE	ORGANISATIONS	
Research institutions	• Venture for Fundraising	
Grant making intermediaries	• The Philippines Foundation • Philippine International Aid • SPARK Project	• Gava Gives • Bayanihan Foundation
Networks and membership organisations	• Philippine Business for Social Progress • Philippine Council for NGO Certification	• Association of Foundations • League of Corporate Foundations
Ecosystem promoter/advocacy	• Philippine Council of NGO Certification	• Caucus of Development NGOs
Philanthropy media	• Tatler Philippines • Forbes Magazine • ABS-CBN	• GMA 7 • Philippine Daily Inquirer • Rappler