



# ODA Trend Updates: Some Perspective on Donors and NGO Experiences<sup>1</sup>

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## **A B S T R A C T**

The recent major global events have in a way altered the development perspectives and directions of both funding agencies and recipients alike. It is from this premise that this working paper has been crafted hoping to present an up to date account on the experiences of these changes in NGO engagement with official development assistance. Through documents review and interview with representatives from one of the major ODA funding agencies in the Philippines, this working paper presents the ODA funding flows world wide *e.g.* volume, trends in forms and approaches; examines NGO-donor relationship and provides some general implications for enhancing the development partnership between NGOs and donor agencies.

**ODA TREND UPDATES:  
SOME PERSPECTIVE FROM DONORS AND NGO EXPERIENCES**

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## **ODA TREND UPDATES: SOME PERSPECTIVE FROM DONORS AND NGO EXPERIENCES**

Introduction:

The study on the ODA trends in the Philippines spearheaded by the CODE-NGO in 1999 has provided understanding amongst Philippine development workers in relation to the dynamics of official development assistance in the country. However, recent major global events have in a way altered the development perspectives and directions of both funding agencies and recipients alike. It is from this premise that this working paper has been crafted hoping to present an up to date account on the experiences of these changes in NGOs engagement with official development assistance.

The first part of this working paper presents a general overview of the current trends of ODA worldwide. It will try to look at funding flows and some policy changes occurring at the level of the donor countries. As ODA continues to be a major source of funds for NGOs, the last part attempts to examine NGOs relation with funding agencies in the light of the recent trends of ODA worldwide.

### **I. Is ODA back?**

The decade of the nineties witnessed the continuing decline in ODA assistance from DAC member countries<sup>3</sup>. The waning conditions of ODA in that period caused alarm and fears within the development organizations all over the world. At the rate in which ODA was declining, UNICEF predicted that by 2015 official assistance to developing countries would dry up risking achievement of the goals of poverty eradication set by the OECD on the very same year. However, the gloomy picture of ODA in the 90s was replaced with the revival of donors' confidence in the aid effort at the entry of the millennium years. The transformation seemed to have been triggered by the realization of the development community that a positive change in the condition of poor countries can be only be achieved through coherence in development agenda and to effectively deliver development assistance where it can be put in good use.

#### **What happened?**

The last two years have been a turning point in the evolution of aid flows in the history of DAC<sup>4</sup>. The quick turn around was said to be influenced by two major events in the global arena in recent years i.e. the wave of terrorist attack of the US on September 11, 2001 and the International Conference on Financing for Development held at Monterrey, Mexico on March 2000. The outcomes from the two major events have been significant at the policy level and in the development approaches of donor countries' official development

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<sup>3</sup> Trends in ODA for Philippine NGOs: A Follow-up Study

<sup>4</sup> Development Cooperation 2003 (2004, Volume 5, No.1)

assistance. For instance, the US policies on diplomatic and development cooperation towards developing countries underwent thorough reassessment after the unfortunate incident. Similarly, Japan's development cooperation program underwent considerable reforms and their ODA Charter was revised to be more attuned to domestic and international circumstances<sup>5</sup>. On the development approaches, the Monterrey conference resulted in the serious thinking from its member countries to improve on the quantity and quality of aid delivery.

**What was the consequence?**

DAC member countries made a pledge at the Monterrey Conference towards increasing ODA in real terms, from \$ 55 Billion in the past years to \$ 75 Billion by 2006. It was predicted that aid is likely to have an upward trend in the next two year as some donor countries publicly stated to increase the volume of their assistance. Countries like Japan, who is still slowly recovering from its economic problems did not commit to an increase in their ODA level<sup>6</sup> s (See Table 1 below). However, critics from the civil society groups were not satisfied with the outcome of the conference; they thought it was a failure because of the inability of the conference to identify new mechanisms to mobilize financial resources (Bretton Woods Project, Development Finance Summit a Fiasco, 2002). The Global Development Finance report cautioned that international community should do its utmost to ensure that the existing commitments are met and new ones made (Global Development Finance 2004, Overview and Policy Messages: Harnessing Cyclical Gains for Development).

Table 1 shows the commitments of some of the top donor countries towards 2006. Leading the pack of ODA contributors who pledged to increase its commitment is the US. In 2002 US President Bush requested its Congress for a ten billion dollar increase in aid over the three years, a move which attracted criticism as critic feared that such amount will only be used to support the political agenda of the US crusade against terrorism<sup>7</sup>.

Table 1: ODA commitments 2002 and 2006, US \$ billion

	<b>Net ODA 2002</b>	<b>Net ODA 2006</b>	<b>Increment, %</b>
US	13.3	19.5	6.2
UK	4.9	6.9	2.0
France	5.5	7.4	1.9
Italy	2.3	4.2	1.9
Germany	5.3	7.1	1.8
Sub-total	31.4	45.1	13.8
All others	26.9	31.7	4.8
Total	58.3	76.8	18.6

<sup>5</sup> Japan: DAC Peer Review. Main findings and Recommendations

<sup>6</sup> Japan Strives to Align Policies and Resources with the New Aid Vision: 15/12/03

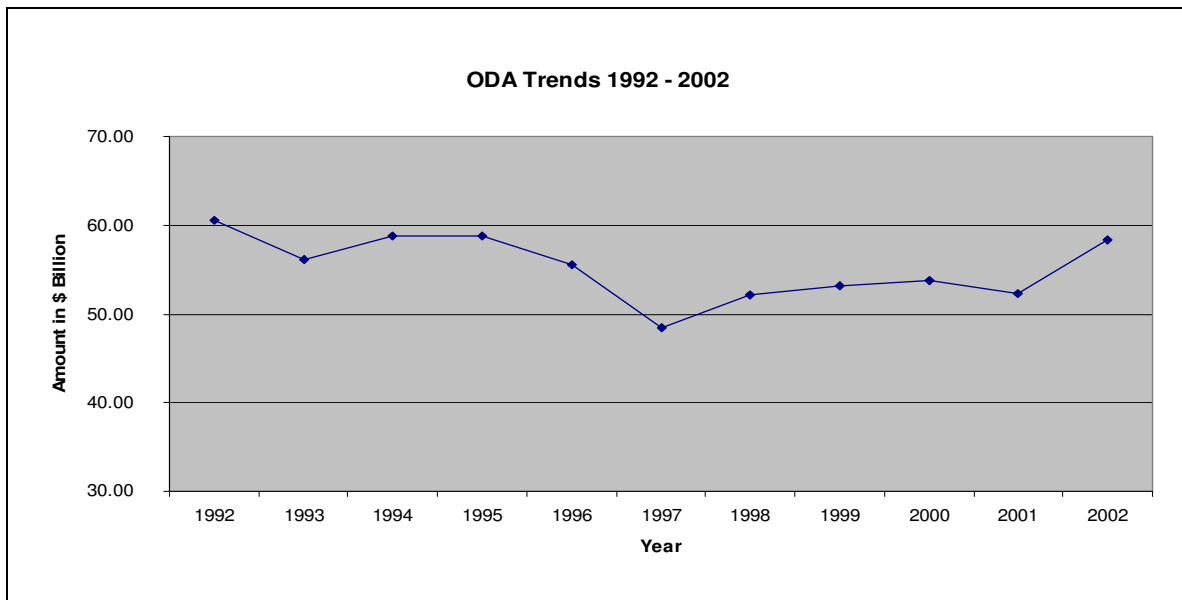
<http://www.oecd.org/document> print

<sup>7</sup> Bretton Woods Project, Development Finance Summit a Fiasco, Say Campaigners, March/April 2002  
<http://www.globalpolicy.org/soecon/ffd/conference/2002/03fiasco.htm>

### What is the trend?

In the early part of 2003, DAC reported a total ODA of \$ 68.5 billion<sup>8</sup>. The rise of ODA at this stage was said to be due to the: a) continuing growth in general bilateral grants (\$2 billion), b) the start of reconstruction aid to Iraq (\$2 billion) and c) offset by a cyclical fall of contributions to multilateral concessional funds (-\$1.2 billion) and a small decrease in net lending (-\$0.5 billion)

Chart 1: ODA Trends of DAC member-countries from 1992-2002.

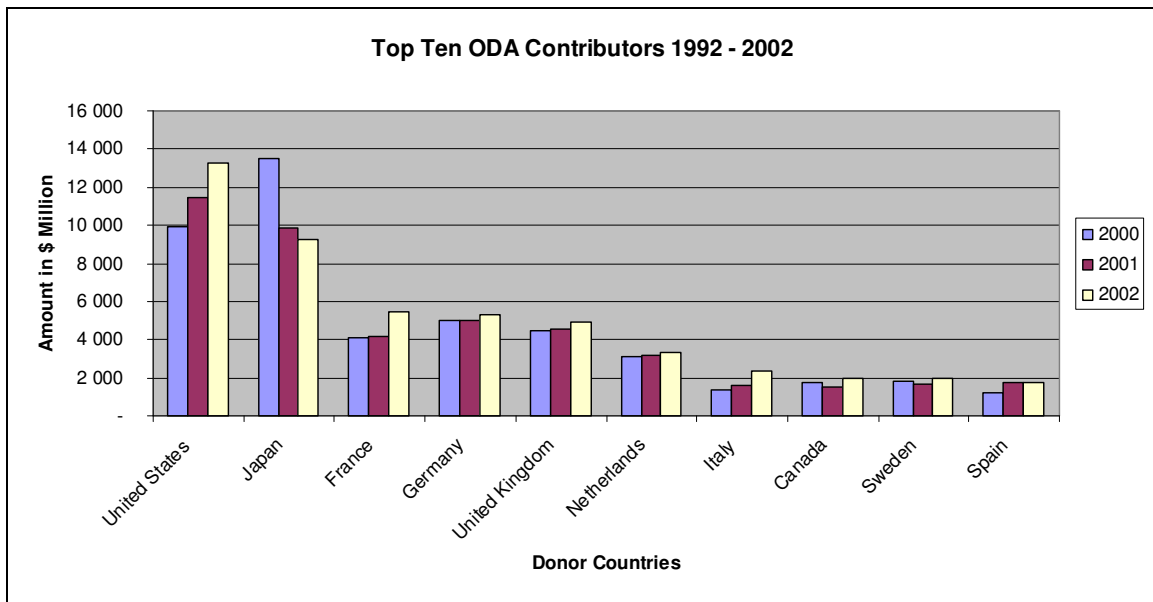


For three consecutive years (2000-2002), the US displayed an upward trend in its ODA, owing to the additional emergency funds allocated as response to terrorist attacks and some new initiatives in the assistance of health and humanitarian aid. The large portion of emergency assistance in the total aid was an indication of the high costs in supporting conflict and national disaster concerns thus limiting the amount of aid for longer term development (DAC Report 2003). On the other hand, Japan's ODA suffered a 27% drop (in real terms) in the year 2001. A slight decrease in 2002 can be observed due to the reduced value of the yen resulting in the reduction of the US\$ value of their ODA from US\$ 9.8 Billion – US\$ 9.3 Billion. From other DAC member countries, major changes in the aid levels can be observed with increased contribution of Italy (33%) and Canada (31%).

As per percentage of the donor's GNI, Denmark, Luxembourg, Norway, the Netherlands and Sweden were still the consistent DAC member countries to have met UN's ODA target of 0.7% GNI. However, Belgium, Ireland and France have already given their targets to reach the desired 0.7% target i.e. 2010, 207 and 2012.

<sup>8</sup> Modest Increase in Development Aid in 2003 <http://www.oecd.org/document>

**Chart 2: Top Ten ODA Contributors (in real terms), 1992 – 2002**



**Trends in the Form of Aid**

According to the DAC 2003 report, there has been a progressive improvement in the delivery of official development assistance in the following areas:

1. Increase in the proportion of grants

The increase in the grants share of ODA was in response to the growing concern of some DAC member countries that loans from official development sources have added to the debt burden of the recipient countries. The years 2000/01 recorded an 86% overall grant share of bilateral ODA, a considerable improvement from the 76% in 1980. Lending was heavily concentrated within few donors in 2002 e.g. Japan (US\$ 5 billion out of US\$ 7 billion in DAC members total new ODA lending), Germany and France having both US\$ 0.6 billion each.

2. Decrease Tied Aid Commitments

‘Tied Aid’ was believed to be major obstacle in meeting the real needs of the developing countries receiving official development assistance. Various studies from the past probing for its adverse effects finally paved way to the increase of untied aid from 60% to 80% in recent years. On January 1<sup>st</sup> 2002, DAC member agreed to untie their aid especially to those least developing countries in the areas of balance of payments and structural adjustments support, debt forgiveness, sector and multi-sector programs assistance, investment project aid, import and commodity support , commercial services contracts an ODA to Non-Governments Organizations for

procurement related activities <sup>9</sup>. The 2004 Progress Report on Untying Aid showed that by now almost all of donors have untied their aid based on the coverage recommended and some donors have also untied their ODA beyond the recommendations i.e. commitment below threshold, technical cooperation, food aid and or ODA beyond the LDCs group of countries <sup>10</sup>.

3. Shift away from projects and program aid to technical cooperation

This is observed as the social sector's share in the total ODA increased whereby contributions made to this sector are in the form of technical cooperation inputs, dispatch of experts, teachers training program and assistance equipment. Although transfer of skills and ideas were recognized as central to development, there is lack of persuasive assessment of the overall value of this kind of expenditure;

4. Other important trends noted on the same report are as follows:

- a) Increase in the trend on performance-based assistance i.e. aid assistance given to recipient countries with sound policies using the Country Policy and Institution Assessment;
- b) Clearer poverty reduction strategies;
- c) Increased cooperation between donors at national, sectoral level in support of locally-owned strategies;
- d) Little viable trend to increase provision of aid on low-income and least developed countries;
- e) Rise in parts of ODA that do not represent actual border transfer of real resources e.g. refugee cost and net debt relief much of which does not generate new flows of cash;
- f) Aid programs continues to be marked by a very large number of small interventions and a relatively modest number of large ones;

**Approaches in Improving Aid Delivery**

It was only recently that issues on 'aid delivery' have been given serious collective consideration in the development community (DAC Report 2003). Central to the talks of improving aid delivery is the new partnership relationship between the donors and the developing countries. The terms and conditions articulated during the Monterey Conference 2002 reflected the commitment of developing countries in adhering itself towards transparency, good governance, respect to human rights and rule of law. On the other side, donors recognized the need to match such commitments towards policy coherence, increased aid and accelerating support for good performers.

Two interlinked approaches came up from the bilateral and multilateral aid donors in improving their partnerships with the developing countries. Behind these approaches is

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<sup>9</sup> DAC Recommendation on Untying Official Development Assistance to the Least Developed Countries

<sup>10</sup> Implementing the 2001 DAC Recommendation for Untying ODA to the Least Developed Countries, 2004 Progress Report, <http://www.oecd.org/dataoecd>

the intention of strengthening the latter's local systems for planning and accounting for both domestically raised and aid financed expenditures. Thus, all DAC countries with close cooperation with multilateral donors encourage member countries to put these principles into practice.

1. Align donor programs with the development frameworks and systems owned and driven by developing countries

Ownership is the key issue in this approach thus development direction has to be owned by those who are directly affected by the changes that development brings. As Richard Manning wrote in his overview of the DAC 2003 Report *'development is the business of the people and the government of the countries concerned. Their own policies and institutions will remain the key to sustainable improvements in peoples' lives'*. In conjunction with this line of thinking, recipient countries seemed to be provided with a chance to assert themselves in relation to setting the parameters within which donors should work. 'Partnership' as opposed to 'donor-led' relationship between donors and developing countries is espoused. Such was demonstrated by countries like Vietnam's Decree No. 17, Uganda's pressure to maximize support, Tanzania's moratorium on donors' mission and India's limit to number of donors.

2. Harmonize donor requirements and procedures for disbursing and managing aid

The various processes and procedures involved in the delivery of aid has made both donors and developing countries realize that development impacts were affected by these overwhelming transactions. Thus, armed with the intention of effectively delivering aid through efficient use of scarce resources, multilateral and bilateral donors together with their partner countries decided to harmonize their operational policies, procedures and practices with the conscious effort of aligning development support with country-owned development frameworks. Such requires a collective venture from stakeholders in identifying agreed standards of good practices and that developing country to level off their policies and procedures based on these standards of good practices especially in the areas of development expenditures. Not only does harmonization focus on areas like transaction costs, it also tries to look at issues on how well donors are working together in effective substantive policy coordination<sup>11</sup>.

The abovementioned principles of 'ownership and participation' are a welcome innovation in international aid policy as posited by Susanne Posing<sup>12</sup>. In the same manner as the idea on 'harmonization' stated by then Undersecretary Amatong of the Philippines in her speech in Rome, Italy. However, both see that such would require strong commitments by both developing partners towards capacity building. Undersecretary Amatong opined that donor partners have to harmonize and synergize their training programs in such a manner that no repetition, duplication and overlapping is done along the way.

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<sup>11</sup> Why Harmonize? Aid Harmonization and Alignment. <http://www.aidharmonization.org>

<sup>12</sup> Susanne Posing, *Between Grassroots and Governments: Civil Society experiences with PRSPs*, 2003

No doubt that the new approaches open up an enabling environment for all stakeholders (e.g. civil societies, NGOs, etc.) to have a direct participation in framing up the development agenda of the recipient country. If adhered to would require interplay of the varied interests and purposes of stakeholders in the process. Not only will it entail a long and tedious process but the issue on who will be part of the exercise is an important point for consideration especially if at the current conditions avenues for participation are limited if not curtailed.

## **II. NGOs and ODA Partners: Trends in Engagement**

In the early 50s and 60s, the relationship between NGOs and Official Donors was marked with indifference, disinterest and suspicion (ODI 1995 Briefing Paper). However, since then, their relationship has gone an evolutionary process in that at some point there existed a donor-recipient level relationship and of recent years one that of ‘development partners’ putting legitimacy and recognition to the latter’s potential contribution in advancing development agenda. In the 1999 Study on NGOs by the ADB, the manifestation of such recognition took in the form not only through increased funding support for NGOs but also in being able to get involve in a number of government, bilateral and multilateral initiatives like programming, sectoral reviews, project formulation, etc. In the light of the recent trends towards improving aid delivery, the role of NGOs is once again emphasized specifically in terms of active participation in formulating country-owned development agenda e.g. the Poverty Reduction Strategic Program.

At this juncture, it is interesting to know if there was/is an enabling environment that facilitates NGOs contribution in effecting development agenda through engagement with official development assistance, especially in the Philippines.

### ***Participation in participation***

The innovative stance of NGOs in its development approaches favored the recognition of community groups, government, multilateral development banks and international aid agencies (ADB-Government-NGO Cooperation: A Framework for Actions, 2003-2005). James A. Paul, the Executive Director for Global Policy Forum noted of the World Bank’s perception on NGOs as liking them because ‘NGOs are part of the private sector and their activities are often substitute for the state’<sup>13</sup>. The ADB document described some of NGOs strengths in facilitating projects implementation, in nurturing sustainability, and in advocating for transparency and good governance and in assisting in vulnerable and/or marginalized groups to be heard. Perhaps, it is not surprising then to observe that venues for dialogue, consultation, collaboration of various stakeholders, are being put into consideration in donor agencies’ programming framework.

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<sup>13</sup> James A. Paul, The World Bank & NGOs, 1996, <http://www.globalpolicy.igc.org/ngos/analysis/wrldbank.htm>

One of the avenues for NGO participation could be exemplified by ADB's creation of the NGO Center (NGOC) in the Philippines in 2001<sup>14</sup>. Its purpose is to be the focal point for NGOs who wishes to interact with ADB and to 'integrate NGO knowledge and experiences into ADB operations, engage civil society groups in a continuing dialogue, identify strategic alliances and to improve ADB's institutional capacity to interact proactively with NGOs'. There are three broad areas of cooperation in the ADB framework of cooperation namely: (i) cooperation in loan and technical assistance activities, (ii) cooperation in programming and country-level work and (iii) cooperation in policy development work<sup>15</sup>.

In the same manner, NGOs experience in participating in World Bank's operations is no longer new basing from the bank's documents. It was averred that collaboration between NGOs and the Bank started in the early 1980s. World Bank claimed that there has been an increase in the level of interaction and collaboration between them and the civil society since then and in fact, it has reported a steady rise of the involvement of civil society<sup>16</sup> organizations in the Bank-funded projects from 21% of the total number of projects in fiscal year 1990 to an estimated 72% in 2003<sup>17</sup>. In 2002, World Bank adopted a new team approach in dealing with the increasing level of CSO engagement so as to enhance coordination and greater access to the Bank. The Bank categorized its engagement with the CSO as involving the activities of: (i) facilitation, (ii) dialogue and consultation, and (iii) partnership.

Japan, a consistent top funding agencies in the world, particularly in the Philippines, recognized the importance of utilizing the expertise of NGOs in the implementation of its ODA<sup>18</sup>. In the newly adopted ODA Charter, one of the 12 points to be taken in conducting ODA operations is the emphasis on development partnership e.g. with NGOs and local communities. The charter specifically mentioned that JBIC shall 'further strengthen such partnership in the future'.

Among the three major funding agencies presented, it is only JBIC that has not established an NGO desk or formed an NGO committee in their operations here in the Philippines. Based from our interview with an official from JBIC, Philippine NGOs the agency's involvement with the agency is mainly on the implementation side of the project which is normally coursed through the implementing agencies e.g. DAR, DA, DOH, etc. This takes in the form of collaborative actions such as research, in resettlement program via peoples' dialogue and consultation, social impact assessment, job training, capacity building, community organizing, etc. On the policy side, JBIC enters into a consultative process with major NGO consortium in Japan. In the Philippines, JBIC does not involve local NGOs in policy issues because they assumed that the Philippine government has already in place mechanisms in engaging NGOs in this area.

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<sup>14</sup> Asian Development Bank, ADB-Government-NGO Cooperation, May 2003

<sup>15</sup> Asian Development Bank, Cooperation Between ADB and NGOs,  
[http://www.adb.org/documents/policies/cooperation\\_with\\_ngos/ngo\\_experience.asp](http://www.adb.org/documents/policies/cooperation_with_ngos/ngo_experience.asp)

<sup>16</sup> World Bank's definition of civil society organizations covers community groups, NGOs, labor unions, faith-based organizations, professional associations, and universities.

<sup>17</sup> [www.worldbank.org/ERNAL/Topics/cso](http://www.worldbank.org/ERNAL/Topics/cso)

<sup>18</sup> Japan's ODA Annual Report 1999

JICA, the grant and technical cooperation arm of Japanese ODA, has limited interaction with Philippines NGOs rather their interaction were mostly dealing with NEDA based on our interview with their Planning and Coordination Group. The NGO-JICA Japan Desk has just been established when we conducted an interview in their office and in the process of putting up an NGO directory. Like JBIC, Philippine NGOs participation in the JICA operation is limited at the implementation side and this is mostly done through the implementing agencies of a specific project. JICA collaborates with JBIC and MoFA for policy making issues. During our talk with an official from the JICA office, MoFA has already its country strategy program but have not shared it with any offices yet.

### **Funding Arrangements**

The Monterey Conference on Financing for Development promised to increase development finance moderately from 2006; however, civil society groups were wary how to fill the much larger financial gap (Global Policy Forum, Debt and the Millennium Development Goals, September 2003). The Foro Global Conference organized by the civil society group have challenged the Monterey consensus and presented a range of proposal in which to improve development assistance to meet the internationally agreed development targets a) debt cancellation for Southern countries and a fair arbitration process, b) implementation of a tax on currency transactions to mobilize resources, and c) fulfillment of the 0.7% of GDP target of foreign aid (Global Policy Forum, 2002).

On the one hand, as recognition for effective aid delivery continues to instill pressure on funding agencies, means of improving its allocation are being done by both donors and recipient countries alike. For instance, INTRAC documents have traced increasing number of multi-lateral aid and bilateral donors explore avenues of working directly with civil society organizations in the South (INTRAC Bulletin No. 5, November 2001). As Jim Henry has put it, support has now moved to 'southern' NGOs and donors have challenged the role of international NGOs<sup>19</sup>.

The changes in the approaches of funding agencies have opened up new possibilities for Southern and Eastern civil society especially in the stage of negotiation on the budgetary process and the monitoring of actual government expenditure<sup>20</sup>. Moreover, the new approaches resulted in a creation of diverse new funding channels, many of which involved NGOs in the recipient and host countries alike.

In the case of the Philippines, NGOs management of ODA could be traced back to the time Corazon Aquino assumed power through the peaceful revolution. The NEDA Board resolution put legitimacy on NGOs direct involvement or collaboration with official funding agencies for ODA. The Winder study determined three policy options that NGOs entered into realm of ODA namely:

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<sup>19</sup> Jim Henry, *Effect of Change*, Bond 2003

<sup>20</sup> Janice Giffen, *New Models of Aid: What role for Northern NGOs?: Implications for Capacity Building*, Intrac 2001

Option 1: Small Grants Program Managed by ODA Agency: used to fund micro-projects directly provided to local civil society organizations. Priority areas are set in terms of the directions of the ODA Agency. There are two types under this option, 1) the program is managed by an ODA staff but local organizations are involved in selecting beneficiaries e.g. the Japanese Embassy Grassroots Grants Programs, and 2) an advisory board wherein majority of the advisory board members gets to select grantees and recommend for its approval as in the case of the Philippine Australia Community Assistance Program of AUSAID.

Option 2: NGO Managed Funding Mechanisms: a development assistance program is implemented in partnership with a local or a consortium of NGOs. The case of CIDA is a good example for this option. The program started as a CIDA-supported NGO-managed funding mechanism which later on resulted in an endowed organization that pursued the original goals of the program in perpetuity.

In cases wherein foreign NGOs fund directly a local NGO, the Philippine government's approval is not required at all on the basis that fund sources from these foreign NGO come from private entities in their home countries though sometimes matched by bilateral funds that are part of ODA assistance to the Philippines. Nonetheless, if a portion of a foreign NGOs funds come from ODA sources, then technically, the approval of the Philippine government would be required. According to the study conducted by the Code NGO, there is difficulty though to monitor this type of arrangements as funding arrangements of foreign NGOs were transacted in their respective home countries and not within the Philippines.

Option 3: Creation of an Independent, Endowed Organization: a permanent endowment fund is created with the purpose of channeling grants or loans to civil organizations in pursuing a specific program implemented with the recipient country. Example of this option would be the debt swap or debt forgiveness program between the donor and the recipient country. The endowment fund is invested and only the earnings are used to fund grants or loans and cover core institutional costs. The Foundation for Philippine Government (FPE) with the support of USAID and the Foundation for a Sustainable Society, Inc. (FSSI) with a support from the Swiss government are two of the Philippines examples.

The Winder study presented successful cases in each option and drew lessons from the different NGOs implementing the three funding options above. Of the three options, the debt swap of option 3 is said to go a long way in ensuring the financial sustainability of the funding mechanism<sup>21</sup>. Also this arrangement is the most viable one for the Philippines because it would have no inflationary impact and would result in debt reduction for the government<sup>22</sup>.

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<sup>21</sup> Consuelo Katrina A. Lopa, *The Rise of Philippine NGOs in Managing Development Assistance*, Synergos Institute

<sup>22</sup> Maitet Diokno Pascual, President FDC as quoted in Consuelo Katina A. Lopa, *The Rise of Philippine NGOs in Managing Development Assistance*, Synergos Institute

### III. Summary of Major Trends

1. ODA volume in real terms has displayed an upward trend at the start of the millennium years due to the influence of two major global events 1) the September 11, 2001 terrorist attack and 2) the 2002 Monterrey Conference in Mexico;
2. Effects of the two major global events resulted in reassessing development of some countries e.g. US and the Philippines and also improving on development approaches geared towards improving aid delivery;
3. Despite the pledges from donor countries to increase the volume contribution of their ODA, critics still argue that the conference was a failure because there were no new mechanisms to mobilize financial resources.
4. US is the leading country to pledge a higher commitment to increasing ODA however apprehensions on its intentions are raised especially from critics fearing such amount would be used to advance the political agenda of the US against terrorism;
5. The rise of ODA at the early stage of 2003 is said to be due to the: a) continuing growth in general bilateral grants (\$2 billion), b) the start of reconstruction aid to Iraq (\$2 billion) and c) offset by a cyclical fall of contributions to multilateral concessional funds (-\$1.2 billion) and a small decrease in net lending (-\$0.5 billion);
6. Progressive trends in the form of aid is observed in these major areas: increase in the proportion of grants, decreased tied-aid commitment, shift from projects and program aid to technical cooperation;
7. Two development approaches of cooperation were now encouraged to be put into practice: a) emphasis on country ownership - align donor programs with the development frameworks and systems owned and driven by developing countries and b) harmonization of donor requirements and procedures for disbursing and managing aid;
8. Although a welcome exercise, ownership and harmonization requires emphasis on capacity building thus calls for donor partners to harmonize, synergize training programs to avoid duplication, repetition and overlapping;
9. NGO-ODA engagement, though marked with tension and apprehension at the start, has evolved to being 'development partners';
10. Venues for NGO participation on the ODA operation could occur in different fields i.e. a) in the implementation stage where NGOs serve as contract providers either directly or through a government implementing agency and b) in the advocacy scenario through consultation and dialogue processes in the donor partners' ODA system;
11. Avenues for participation were presented via three major development partners. Of the three, Japan has not established an NGO desk or created an NGO committee unlike World Bank and ADB. Local NGOs participation in Japan's ODA operation is limited to the implementation stage only as they deal with the Japanese NGOs directly for policy making issues;
12. Proposals to improve the development assistance were offered by the Foro Global conference as a counter to the inability of the Monterrey consensus to come up with concrete mechanisms of meeting the committee increases in ODA. Three options were presented: a) debt cancellation for Southern countries and a fair arbitration

- process, b) implementation of a tax on currency transactions to mobilize resources, and c) fulfillment of the 0.7% of GDP target of foreign aid;
13. Growing number of bilateral and multilateral aid donors are now channeling their ODA directly to Southern NGOs. This has opened up new possibilities such as new funding channels for Southern NGOs;
  14. Three options are present for Philippine NGOs to enter into the realm of ODA: a) small grants program managed by ODY agency, b) NGO managed funding mechanism and c) creation of an independent, endowed organization;
  15. Of the three options, options 3 for debt swap is the most valuable for the Philippines as it will not have inflationary impact and would result in debt reduction for the government

#### **IV. Some General Implications**

##### **For NGOs:**

1. Networking and alliance building with other NGOs both within and outside the Philippines to be able to
  - a) strengthen influence in ODA's development assistance;
  - b) support international NGOs in their advocacy drive on improving development assistance
2. Capacity – building in:
  - a) resource mobilization that is less dependent on foreign funding for financial sustainability;
  - b) macro-economic related issues as it has a possibility to effectively participate in the process of 'country-driven' development direction e.g. PRSP;
3. Conduct of in-depth researches and studies regarding the implications of the recent trends in ODA on NGO-Donor relationship to be able to contribute in improving aid delivery;

##### **For Donors:**

1. Improvement on the ODA options in the Philippines that emphasizes partnership with NGOs that goes beyond implementation;
2. Possible replication of successful projects utilizing the three ODA options;