

# PHILIPPINE COUNCIL FOR NGO CERTIFICATION

# PCNC HISTORY

- 1997 – PCNC was organized by six of the largest networks of NGOs in the Philippines
- 1998 – PCNC was authorized by the Department of Finance to certify NGOs for “Donee Institution Status”, subject to the final approval of the Bureau of Internal Revenue
- 1999 – PCNC was publicly launched
- 2009 – PCNC purpose went beyond certification for Donee Status

# DONEE INSTITUTION STATUS

- **Donee Institution Status** – donors are entitled to:
  - donor's tax (*30% of donation plus 12% value added tax*) exemption
  - 100% deductibility of donation from gross income of donor company

# ELIGIBLE NGOs

- Non-stock, Non-profit Domestic Corporations organized under Philippine Laws and operated exclusively for any or a combination of the following purposes:

Type of Main Program	
Charitable	Religious
Cultural	Scientific Research
Educational	Social Welfare
Health	Youth/Sports Development
Rehabilitation of Veterans	

# ELIGIBLE NGOs

- Civic league or organization not organized for profit but operated exclusively for the promotion of social welfare;
- Non-stock, non-profit educational institution.

# BEYOND DONEE STATUS CERTIFICATION

## VISION OF PCNC – as of 2009:

**A Filipino nation blessed with a culture of giving:**

- Matched by responsible stewardship within the NGO community:
  - Sought by donors
  - Recognized by government;
  - Treasured by its members

# BEYOND DONEE STATUS CERTIFICATION

## MISSION OF PCNC – as of 2009:

**Improve the effectiveness of Philippine NGOs**  
so that they become increasingly:

- Accountable, credible and capable in providing services to those in need
- Instrumental in creating a culture of giving

# ACCOUNTABILITY OF NGOs

Accountability is the obligation of an NGO to take responsibility and account for:

- Programs, services and other activities carried out
- Degrees to which the desired improvements in the lives of the target public are achieved
- Usage of externally (entrusted) and internally generated resources, especially funds



# ACCOUNTABILITY OF NGOs

NGOs are accountable to its stakeholders that include:

- Clients/beneficiaries
- Funders, donors, contributors
- Staff
- Partners
- Government

# TRANSPARENCY OF NGOs

Transparency is the responsibility of NGOs to inform its stakeholders, in a timely and accurate manner, of the following:

- Types and progress of programs and services
- Number of clients/beneficiaries reached and improvements in their lives achieved
- Sources and amounts of funds generated and corresponding utilization

# SETTING STANDARDS OF “GOOD HOUSEKEEPING” by PCNC

**To measure NGO Legitimacy and Efficiency and Effectiveness:**

- Review of standards used by NGOs, donors and accrediting institutions in other countries
- Guidance from experts
- Consultations with local networks of NGOs and more than 300 PCNC certified and non-certified NGOs

# **SIX AREAS OF ORGANIZATIONAL FUNCTIONING**

- **Vision, Mission, Goals**
- **Governance**
- **Internal Management**
- **Program Operations**
- **Financial Management**
- **Collaborative Linkages**

# VISION, MISSION AND GOALS (VMG)

- Clarity of purpose, sector served and functions in its pursuit of a public good
- Common understanding of the VMG by Board Members, Management, Staff, Beneficiaries and Partners
- Degree to which the VMG are achieved

# GOVERNANCE

- Active involvement of Board Members in:
  - Policy formulation and direction setting
  - Approval of strategic plan and budget
  - Evaluation of program accomplishments and financial performance
  - Resource generation for sustainability
- Compliance with legal requirements of concerned government agencies
- Delineation of responsibilities of the Board and Executive Officer

# INTERNAL MANAGEMENT

- Clear inter-relationships and delineation of duties and responsibilities and authorities of staff
- Sufficiency of staff and appropriateness of knowledge, skills and attitudes
- Compliance with government labor and employment laws
- Written and practiced administrative and personnel guidelines

# PROGRAM OPERATIONS

- Mechanism for involvement of stakeholders
- Criteria for selection of beneficiaries and programs and services
- Program guidelines are in place and practiced accordingly:
  - Planning
  - Implementation
  - Monitoring and Evaluation
- Tracking of program disbursements



# FINANCIAL MANAGEMENT

- Presence of at least three-year and annual budgets
- Financial internal control guidelines applying checks and balances in handling and utilization of funds
- Proper maintenance of updated four books of account duly registered with the Bureau of Internal Revenue

# FINANCIAL MANAGEMENT

- Annual external audit by independent Certified Public Accountant registered with the Professional Regulatory Board and Board of Accountancy
- Regular sources of funds
- Reporting to stakeholders of funds generated and corresponding utilization

# COLLABORATIVE LINKAGES

- Resource generation plan
- Criteria and system for partnering
- Program partnerships with other institutions (GOs, NGOs, Funders)
- Sharing of “good practices”

# MAJOR STEPS IN THE PROCESS OF PCNC CERTIFICATION

1. Conduct by applicant of organizational self-assessment (optional) using:
  - Tools developed by PCNC along the standards and indicators used to measure compliance with:
    - Statutory requirements of the government (legitimacy)
    - Efficiency and effectiveness of operations
2. Organization by applicant of all documentary requirements of PCNC for evaluation

# MAJOR STEPS IN THE PROCESS OF PCNC CERTIFICATION

3. Submission of complete documentary requirements to PCNC
4. Payment of application dues (range from US\$250 to US\$750 based on total assets of the NGO)
5. Organization of team of two (2) or three (3) trained Volunteer Peer Evaluators (officers of PCNC certified organizations and Certified Public Accountants)

# MAJOR STEPS IN THE PROCESS OF PCNC CERTIFICATION

6. Conduct of NGO Evaluation guided by the standards and indicators set:
  - Documentary Review
  - Interview of Board Members, Management and Staff, Beneficiaries and Partners
  - Project Visits
7. Rating of results per organizational function and identification of recommendations for improvements

# MAJOR STEPS IN THE PROCESS OF PCNC CERTIFICATION

8. Preparation and submission to PCNC of evaluation report
9. Board deliberation of results of evaluation for donee status:
  - Approval - one (1), three (3) or (5) five year certification
  - Deferment – completion of additional requirements
  - Denial - may re-apply after one (1) year

# MAIN PREMISE IN THE EVALUATION OF NGOs

- More than certification, the evaluation conducted by PCNC should be seen as opportunity for:
  - Identification of organizational strengths and areas for improvements
  - Determination of actions that could be taken to be compliant with standards of NGO legitimacy and efficiency and effectiveness or “good housekeeping”



# MAJOR ACTIVITIES OF PCNC

- Organizational Assessment of NGOs
- Training of small NGOs in organizational functioning
- Publication of handbook in organizational functioning for small NGOs
- Sharing of standards and process used in the organizational assessment of NGOs

# SALAMAT PO

(Thank you)