

## **Keeping the *Bayanihan* Spirit Alive**

### The Link for Philippine Development Program

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The participation of overseas Filipinos in the *Lingkod sa Kapwa Pilipino Program* (also known as the Link for Philippine Development Program or LINKAPIL) is one indication of their enduring ties to the Philippines. The Commission on Filipinos Overseas (CFO) launched LINKAPIL in 1990 in order to facilitate the transfer of various forms of assistance from overseas Filipinos or other donors overseas to support humanitarian and development projects in the country. In collaborating with overseas Filipinos, LINKAPIL facilitates the flow of overseas assistance to specific beneficiaries in the Philippines, coordinates with government agencies, donors and beneficiaries, and provides feedback to donors.

Overseas Filipinos who wish to support any endeavor in the Philippines are not required to pass or course their donations through the CFO or other government institutions (except for customs or tax-related issues). They may opt to deal directly with their recipients and beneficiaries or they may choose to work with non-government organizations. Having a local and government conduit such as the CFO

offers some advantages. The government partner facilitates and expedites compliance with government requirements, and assures donors that in their physical absence, it sees to it that their donations reach the intended beneficiaries. As mentioned earlier, LINKAPIL has a monitoring system to ensure that donations go to the right recipient, that the recipient uses the donation, and that the donation contributes to improve the conditions of the recipient. For example, for scholarship programs, the monitoring entails following up the academic performance of beneficiary students; in the case of feeding programs, some indicators are employed to provide some measure of impact; or checking the durability and usefulness of infrastructure projects. Moreover, LINKAPIL provides administrative and logistical support to both donors and beneficiaries without charge or levy. Examples are packing goods for distribution to calamity victims, filling up and submitting documents to bring out book donations, medicines or medical equipment from the Bureau of Customs, and gathering and verifying documents on the eligibility of beneficiaries.

A substantial amount of the resources received by the LINKAPIL program comes in the form of cash transfers or “remittances” from overseas Filipinos. Remittances are normally transfers in cash or in kind from individuals who live or work in another country to specific individuals in the country of origin (typically family members, who use remittances to meet their needs). The contributions from overseas Filipinos and citizens to LINKAPIL are covered in this definition of remittances; they are different because the resources are aimed at supporting development projects to benefit communities, associations, cooperatives or beneficiaries other than family members. The transfers may come from individuals, associations of citizens or even non-citizens based overseas, who usually identify or provide eligibility criteria of the intended beneficiaries. Other contributions come in the form of grants, donations in kind or professional services.<sup>1</sup>

LINKAPIL projects involve a formal partnership among the benefactor, the beneficiary and the CFO. All projects are covered by a spe-

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<sup>1</sup> The *Bangko Sentral ng Pilipinas* has taken steps to differentiate remittances intended for family beneficiaries from cash donations and donations in kind which are intended to non-family recipients. Based on unpublished data, “BSP Donations 09-07: Current Transfers,” more than US\$1.799 billion of donations were recorded from 1999 to 2007. This information provides an indication of philanthropic transfers to the country during those years, including the donations to LINKAPIL.

cific deed or formal agreement among the parties, which defines the purpose of the grant or assistance, the kind and amount of support and the responsibilities of each party. Each and every project therefore defines the accountabilities of each party to ensure its success.

The CFO provides the organizational structure for program development, resource transfer and project evaluation and monitoring. It has developed a database of the development needs of provinces in almost all the 17 regions of the country. At the same time, it maintains contact with Filipino communities and associations overseas. More than 3,000 organizations are included in the CFO's database of Filipino associations overseas.

The CFO maintains a competent and transparent administrative machinery to support the LINKAPIL operation. Very often, donors or benefactors desire quick results, effective monitoring and accurate feedbacks across continents on matters related to the turnover of their valuable resources.

## **Components of the LINKAPIL Program**

LINKAPIL was conceived to address five important development needs. These are: (1) livelihood projects, (2) education, (3) health and welfare, (4) small infrastructure projects, and (5) technology and skills transfer. The program's main target beneficiaries are less developed communities, socio-economic organizations, disadvantaged groups, and deserving individuals. The program has benefited an estimated 12 million beneficiaries in 75 provinces in all regions of the country. To date, the ten major sources of contributions have been Filipino individuals and associations in the United States of America, Canada, Germany, Australia, Japan, the Netherlands, South Korea, Belgium, Sweden and Italy.

The livelihood component of LINKAPIL aims to support the establishment of income-generating activities and fostering self-help among community members. Donations are either cash or equipment to start or sustain livelihood projects and to improve productivity and incomes. The livelihood component may include low-interest loans, which may be used for a startup capital or as additional operating capital for micro-enterprises.

The education component of LINKAPIL receives donations for scholarship grants for needy and deserving Filipino students. Scholarship support may be an endowment fund, a lump sum or a yearly

grant to cover the cost of school fees, book allowances, and stipends. In kind donations include books, scientific and audio-visual equipment, computers and other educational materials to disadvantaged schools.

The health and welfare component of LINKAPIL aims to promote basic health care and nutrition, particularly in rural and economically depressed areas. The CFO assists overseas-based medical groups in carrying out medical missions and other health-related services by helping secure permits and clearances from national and local government agencies and local medical counterparts. Overseas associations also depend on the CFO to ensure that their donations of medical equipment, supplies and medicines are received by the designated beneficiaries. Institutional feeding programs are also among the regular activities under this component.

Donations for the infrastructure component of the LINKAPIL Program are intended for the construction of classrooms, water systems, sanitary facilities, rural health centers, and other small infrastructures in specific areas identified by the donor. The CFO has been successful in encouraging Filipino associations overseas to support the construction of classrooms in priority areas identified by the Department of Education. Small infrastructure development has been a choice for individuals or associations who wish to contribute to the development of their hometowns or provinces.

The CFO is also able to tap the expertise of overseas-based Filipino professionals for knowledge or skills transfer. Overseas Filipinos with specific skills and expertise in science and technology, education, agriculture, environmental protection, special education, and other specialized fields volunteer their services in the Philippines on a regular basis through LINKAPIL. Through lectures, workshops, demonstrations, and consultation services, these experts provide their local counterparts with the opportunity to learn new knowledge or adopt new technologies from abroad. Local academic institutions, government agencies and private enterprises are beneficiaries of this project as well.

## **Evolution of the LINKAPIL program**

Since the first batch of donations was received in 1990 – in the wake of the Mount Pinatubo eruption – LINKAPIL has gone through notable changes in terms of the component, focus and donors.

In 1990, almost 60 percent of the donations were directed to relief and calamity assistance, 30 percent to health-related services (such as

the conduct of medical missions and donation of medicines and other medical equipment), and 11 percent to livelihood and other micro-enterprising activities. The large share of the relief and calamity component can be attributed to the typhoons, earthquakes and volcanic eruptions in the Philippines at that time.

By 1995, medical-related assistance increased to 56 percent, while the education component, which included scholarship grants, the donation of books and equipment, and funds for building classrooms, gained 43 percent. The relief and calamity component decreased to one percent because the country was spared of calamities during the period. Medical-related assistance increased because of the interest of many Filipino doctors and health professionals in sharing their expertise with fellow Filipinos. From 2000 to the present, medical-related assistance was 78 percent of the total amount of donations; education accounted for 18 percent; infrastructure, three percent; and calamity and relief assistance, one percent.

Of the various components of LINKAPIL, infrastructure development and livelihood projects have received the least funds. Donors say that livelihood projects are difficult to implement, especially if beneficiaries are not properly trained to be entrepreneurs. The huge capital required by infrastructure projects is also a factor. According to some donors, only big associations can finance such projects. Projects whose indicators for "success" seem readily evident, such as feeding programs for malnourished or orphaned children, the donation of books and school equipment, and gift-giving activities to homes for the elderly, orphanages and safety homes during Christmas season, are popular among donors. In general, individual donors are more likely to support scholarship grants and transfer of knowledge compared to associations.

Personal or associational links play an important role in donors' decision to support specific programs. Scholarship and training programs are often supported by alumni or professional groups. Medical missions are usually conducted in donors' provinces of origin. Sister-city relationships also tend to channel their livelihood and infrastructure projects to their local counterparts overseas.

There are a number of associations, however, which support more long-term projects. Feed The Hungry, Inc. (FtH), a 501c3, tax-exempt non-profit organization based in Washington, D.C., has prioritized the construction of elementary and high school classrooms for the past five years. The Philippine Economic and Cultural Endowment or PEACE-

USA, an organization founded in 1986 in the United States of America, concentrated on water-related projects, such as the construction of artesian wells and water systems in areas without potable water supply for the past 22 years. Hawaii International Relief Organization, established in 2004, finances livelihood projects for the rehabilitation of calamity-stricken areas in Aurora. Furthermore, the Philippine Association of Metropolitan Washington Engineers (PAMWE) will build houses for free. Groups such as FtH, the Aloha Medical Mission, the Filipino-American Medical Incorporated, and the Health Organization for the Poor Enterprise are exceptional because they provide assistance to any group or individuals who need help. Ultimately, donors are free to choose which projects they wish to support.

### **Issues and Concerns Affecting Migrant Giving**

The experiences of the CFO in the last 18 years show that overseas Filipinos are willing to extend assistance to the Philippines. However, the intricate process involved in the entry of foreign donations to the Philippines can hamper the transfer of resources from donors to intended recipients.

1. *Complex process of sending and receiving donations.* Several government agencies are involved in the donation process: the National Economic and Development Authority (NEDA), Department of Health (DOH), Department of Social Welfare and Development (DSWD), Department of Education (DepEd), Bureau of Food and Drugs (BFAD), Department of Foreign Affairs (DFA), UNESCO National Commission of the Philippines (or UNACOM), Department of Finance (DoF), and the Bureau of Customs (BOC). These agencies are involved in issuing endorsements or appropriate clearances for overseas donations.

Depending on the nature of the items to be donated and the qualification of recipients, consignees are required to secure endorsements from relevant government agencies in order to qualify for tax or duty-free clearances. For example, endorsements from the DepEd and the DoF are needed to donate educational or scientific equipment to private and public educational institutions, or the endorsements of the DOH and NEDA to deliver medical equipment donations to government and primary or secondary private hospitals in the Philippines.

2. *Lack of information.* Several reasons may explain the delay in processing the duty-free entry of foreign donations to the country. The lack of efficient coordination and available information on the procedures and requirements governing overseas donations often lead to the accumulation of excessive storage fees and other charges on the donation. Though there are information materials available to donors and recipients, there is still a need to effectively disseminate information on the donation process. The absence of a CFO representative in areas with large concentrations of potential Filipino donors makes it difficult to encourage more active participation from the overseas Filipino community. CFO relies on the support of the Philippine posts and regular collaborators of LINKAPIL, who are usually Filipino community leaders.
3. *Short grace period for donations.* Consignees of foreign donations are given a short period of time to process the release of donations. The BOC requires that a shipment be released within 30 days from the arrival date; otherwise, the shipment will be considered abandoned. Though a month would seem to be sufficient to process the release of donations, requesting for appropriate endorsements and clearances from government agencies usually takes several weeks especially, if the documents submitted are incomplete. The actual processing of documents begins only when the recipient has been notified that the shipment has arrived. Recipients also face the problem of having to pay for storage and demurrage fees for donations that are not immediately released. Storage fee is charged starting on the seventh day (including weekends) after the arrival of the shipment.
4. *Payment of value added tax (VAT).* Under Section 109 Republic Act 8424 (or the Tax Reform Act of 1997) and Section 4 of Republic Act 7716 (or the VAT Law), food and non-food relief donations and medical equipment are not included among tax exempt transactions. Overseas donations consisting of food and non-food items, and medical supplies and equipment, even if accorded duty-free privileges, are subject to payment of Value Added Tax (VAT), which is currently computed at twelve percent (12 percent) of the shipment.

Since most recipients of overseas donations are organizations, foundations, institutions, and communities in need of assistance, the lack of financial resources deter them from accepting the donations. If they cannot afford to pay for the VAT, the shipment of donations that are already in the country can be abandoned altogether.

The CFO also faces some administrative constraints which can affect the implementation and management of the program. LINKAPIL is part of the Filipino Unity and National Development Program, which, in turn, is one of four program areas of the CFO.<sup>2</sup> There are no personnel exclusively assigned to carry out LINKAPIL-related work. The cutting of CFO personnel by 25 percent, which was part of the government's rationalization plan, has aggravated the situation. Also, as mentioned earlier, the absence of a CFO representative overseas limits the capacity of CFO to be more proactive in promoting LINKAPIL abroad.

Several proposals have been advanced to address these problems. There is a long-standing proposal for the government to consider establishing an express lane or facility similar to the Department of Finance's *Mabuhay* Lane, which will solely process the duty-free entry and release of overseas donations. This is expected to minimize the costs involved in accepting donations and reduce incidents of abandonment and auctioning of donated goods.

Another proposal is to extend VAT exemptions to cover equipment and donations from overseas Filipinos intended to support government programs in health care, micro-enterprise development and education. Overseas donations must not be treated like other imported goods or services considering the nature and objectives of such transfers. It is important to weigh the ultimate benefits of these donations against the purported income that can be generated by VAT revenues on these donations. It should also be noted that the VAT must be paid by recipients, who often do not have the financial capability to shoulder this expense.

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<sup>2</sup> The Filipino Unity and National Development Program aims to promote better cohesion and purpose among various overseas Filipino organizations. The other program areas are: (1) Migrant Social and Economic Integration, (2) Filipino Education and Heritage and (3) Policy Development and Data Banking; see [www.cfo.gov.ph](http://www.cfo.gov.ph).

## Sustaining the LINKAPIL Program

The ties between the CFO and overseas Filipinos begin with the programs it offers for departing emigrants. Prior to leaving the country, emigrants (including those under 18 years old, who comprise 30 percent of all emigrants leaving each year) must register with the CFO and must undergo country-specific pre-departure orientation. They are also provided with information and materials to assist them in settling in their destination countries. The CFO coordinates with the Philippine Foreign Service Posts and other organizations overseas by sharing information about the arrival of Filipino immigrants within certain jurisdictions. In relation to this, the CFO maintains a database of all emigrants and all Filipino community organizations overseas, including associations of migrant workers or temporary residents overseas. It maintains contact and communication with individuals and associations through correspondence, periodic newsletters, visits by CFO officials and through the CFO website.

Together with the Philippine Foreign Service Posts, the CFO actively supports the programs of Filipino community organizations abroad and is actively involved in fostering community building of overseas Filipinos. The CFO encourages individuals to form or join Filipino associations, and whenever possible, Philippine officials participate in major overseas community activities. The CFO is also behind efforts to provide for the educational needs of dependents of overseas Filipinos through the Philippine Schools Overseas and Filipino Language Programs.

The government, through CFO, has institutionalized a prestigious award and recognition system for overseas Filipino individuals and associations, as well as non-Filipino benefactors, through a biennial Presidential Award for their exceptional contributions to national development efforts.

The sustainability of LINKAPIL is one of the concerns that came up in the *Bayanihan sa Amerika* conference organized by the CFO in October 2007. A particular challenge is how to encourage the young generation of Filipino-Americans to support development projects in the Philippines. The participants in the conference remarked that young Filipino-Americans, particularly those who grew up in the United States of America, did not seem to share the older generation's sense of Filipino identity, and were perceived to be less connected to the Philippines.

To strengthen the ties of young Filipinos to the Philippines and to address their specific needs and interests, in recent years, the CFO has conducted youth fora in Hawaii, Manila and London. More youth conferences are planned in the Middle East, Australia and Europe in the near future. The forthcoming fora are expected to produce a Second Generation Filipinos' Program of Action which will: (1) address their concerns; (2) provide leadership training; and (3) promote better understanding of the Philippines.

## **New Initiatives**

The enactment of Republic Act (RA) 9225, otherwise known as the Citizenship Retention and Re-acquisition Act in 2003, has provided a new window of opportunity for many overseas Filipinos to avail of economic opportunities in the Philippines. Some 75 percent of Filipino emigrants have become naturalized citizens of their host countries. Through RA 9225, former Filipino citizens can reacquire their Filipino citizenship and enjoy full economic rights in the country. As dual citizens, they can own unlimited real property, access natural resources in the Philippines, and engage in activities which were previously restricted to non-Filipino citizens. They can also retire in the Philippines if they wish to. In view of these developments, the CFO has taken new initiatives in reaching permanent residents in Australia, Austria, Canada, Germany, Guam, Japan, New Zealand, Spain, the United Kingdom and the United States of America. The CFO has prepared a two-part compendium, which is now on its second edition, to provide information on assessing prospects for investing and doing business in the Philippines, and information about requirements of regulatory agencies and local government units.

From the CFO's experience with Filipino communities overseas, it is clear that overseas Filipinos have a desire to maintain their ties with the home country and to contribute to various development initiatives. It hopes to cultivate and to nurture a deeper sense of community and spirit of *bayanihan* with all Filipinos overseas in the years to come.