NGOs and policy advocacy:
A case study of the Freedom from Debt Coalition’s campaign against oil deregulation

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Abbreviations

NGOs non-government organisations
FDC Freedom from Debt Coalition
OPSF The Oil Price Stabilization Fund
BUKLOD Bukluran ng mga Mamamayan Laban sa Oil Deregulation [Citizens’ Group Against Oil Deregulation]
In the Philippines, the continued government obstacles faced by non-governmental organisations (NGOs) in promoting their agenda of ‘more equitable and sustainable approaches to development’ as well as post-Marcos changes in the policymaking milieu have prodded these groups to increasingly focus on effecting policy change (Miller and Razon-Abad 1997:174). The Aquino administration ushered a return to democratic rule and also marked the enactment of major legislation such as the 1987 Philippine Constitution and the 1991 Local Government Code which accords civil society a greater role in policymaking. Specifically, the 1987 Constitution upholds the right of citizens and their organisations to participate at all levels of public decisionmaking and, in addition, requires the state ‘to facilitate the establishment of adequate consultation mechanisms’ (Article 13, section 16). People’s participation was further institutionalised with the passage of the 1991 Local Government Code, which enables NGOs to be represented in local councils, as well as take part in the delivery of basic services.

Currently, formal and informal venues exist for civil society participation in policymaking, for instance, they may participate in national and local councils and can be formally represented in Congress through party-list representatives. The courts also provide a mechanism for civil society to seek redress through the former’s power of judicial review, which enables them to determine the constitutionality of laws passed by Congress, as well as rules and regulations crafted by the executive branch (Third World Studies Center 1994:170–1), once a petition has been filed. On the other hand, informal avenues include the media, as well as public forums and symposia (Wui and Lopez 1997:8).

Although it has been argued that NGO success in policy advocacy is multi-dimensional, including other criteria such as the development of additional competencies and an increase in political legitimacy and scope for participation and influence (Miller and Razon-Abad 1997), achieving policy-related objectives in advocacy campaigns remains an important issue for NGOs, manifesting their ability to be an influential player in public policymaking. However, Philippine NGOs’ experiences regarding the impact of their advocacy efforts have been mixed—while there have been instances of significant gains, problematic areas still exist, especially with respect to attempts targeted at influencing legislative outcomes (Silliman and Noble 1998a:304). For instance, despite the catalytic role of NGOs in the enactment of landmark legislation on issues such as women’s rights and agrarian and urban land reform, it has been argued that the results were ‘watered-down’ legislation, which did not wholly reflect the efforts of these groups (see Carroll 1998; Putzel 1998; Villanueva 1997; Reyes 1997).

Theorists have pointed out various factors affecting NGO success in policy advocacy. Silliman and Noble (1998a:304–5) note that Philippine NGOs, used to mobilising public protests during the Marcos regime, have yet to acquire the necessary skills in lobbying and advocacy, including coordinating and negotiating with
government institutions in designing policies. Aside from these skills, Miller and Razon-Abad (1997) and Wui and Lopez (1997) also point out the importance of resources and organisation in determining success in policy influence. However, the control of state institutions by the social and economic elite remains a considerable challenge for NGOs (see, for example, Gershman 1993; Ethnic Studies and Development Center Research Team 1997; Villanueva 1997).

This study examines the advocacy campaign of one Philippine NGO in order to identify the factors that influenced the outcome of its campaign. Its focus is on the public campaign initiated by the Freedom from Debt Coalition (FDC) to repeal and replace Republic Act (RA) 8180, or the Philippine Downstream Oil Industry Deregulation Act of 1996, which it analyses both in terms of the coalition’s efforts as well as the policy environment or context in which it operated.² The case study shows that NGO success in policy influence is not solely determined by the extent of its resources and the strategies it chooses to adopt but is also constrained by factors that may be beyond its purview.

**An overview of the Philippine oil industry**

The oil industry is one of the primary components of the Philippines’ energy sector. Although the country has a diverse mix of energy sources,³ imported petroleum is still a major source of the country’s energy supply. In fact, despite the government’s policy to develop indigenous energy sources, imported oil has still been estimated to comprise more than 40 per cent of the country’s energy supply (Department of Energy c. 2000:6). In view of the significance of the oil industry, the government’s energy policy invariably includes a component that deals with the oil sector.

Prior to 1971, the downstream oil industry⁴ was not subject to government regulation. However, this changed after the world oil crisis during the 1970s which subsequently led the government to regulate the industry. Among the measures adopted were the creation of the Oil Industry Commission which was tasked to direct most of the activities of the oil companies, including price setting (Lee 2000:1) and the establishment of the Philippine National Oil Company, which enabled the institution of a Filipino presence in the local oil industry that hitherto was dominated by foreign firms. The Oil Price Stabilization Fund (OPSF) was also established in 1984 to lessen the impact of changes in the prices of imported petroleum products by using it to subsidise price increases in oil products. Funds were sourced from taxes, as well as revenues arising from either government-imposed price increases or reimbursements from oil companies arising from cheaper import costs (Philippines Supreme Court 1997:338–41). These developments in the industry subsequently led to the reduction of oil players from four refiners and six marketing companies before regulation to three oil companies by 1985 (Lee U 2000:1), namely, multinationals Shell and Caltex and the government-owned Petron.

However, the last decade saw the start of government initiatives to deregulate the
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Petroleum sector. Plans to liberalise the oil industry during the Aquino administration that were cut short with the onset of the Gulf crisis (Pilapil 1996:13) were revived under the Ramos administration, primarily in response to a power supply crisis. At the time the Ramos government took over in 1992, the country had already started feeling the effects of power supply deficiencies, with major areas already experiencing power interruptions. The power crisis caused a slowdown in the national economy for nearly three years and prodded the government to initiate major reforms in order to rehabilitate the energy sector (Viray 1998:462–3). One of the immediate reforms it instituted was the creation of the Department of Energy, which was tasked to formulate and supervise all government programs related to the energy sector. In addition, it was mandated to ‘institute the programs and timetable of deregulation of appropriate energy projects and activities of the energy industry’ (Philippines Department of Energy:1992). However, although the energy crisis provided the impetus for reforms in the energy sector, it was also in keeping with government initiatives to open up key industries to competition as the liberalisation of major economic sectors were seen as necessary in order to revive a stagnant national economy and keep up with the international trend of globalisation (Aguirre 1998:21–2).

The government’s efforts to enact an oil deregulation law also intensified by 1995 when the OPSF started to threaten the fiscal stability of the economy—during this period, the estimated debt to the oil companies stood at PhP (Philippine peso) 10 billion or about US$381.45 (Belena 1996:26). The problem of the OPSF deficit was in part related to the highly political nature of oil prices, which encouraged government to defer price increases as much as possible in order to avoid public protest even at the expense of incurring a fiscal deficit6 (Pilapil 1996:12; Arroyo 2000). However, government mismanagement of the fund also included using it for non-oil purposes such as financing other government projects or the public sector deficit when it was in surplus (Pilapil 1996:12).

Deregulation was thus seen as the solution to the recurring deficit. Behind this was the consideration to depoliticise oil pricing, relieving the government of this political burden. External conditions were also favourable, with declining oil prices in the international market (Pilapil 1996:12–3). Eventually, in 1996, the industry was deregulated with the enactment of RA 8180 (the Downstream Oil Industry Deregulation Act of 1996) in Congress. Nevertheless, a transition phase wherein the Energy Regulatory Board would still set prices for petroleum products was instituted prior to full deregulation.

FDC and the oil campaign

One of the active lobby groups with respect to the oil deregulation policy has been the Freedom from Debt Coalition. Launched in 1988, the FDC was originally formed in order to pressure the newly installed Aquino government to institute changes in economic policies related to debt service and the national budget, in response to the country’s
massive debt problem of which, it asserted, a considerable portion was fraudulently acquired/in footnote.7 Since then, its advocacy efforts have broadened to include fiscal and monetary issues and multilateral financial institutions; public utilities and social services; trade and finance policies; and policies on labour and work. By the late 1990s, the coalition consisted of five political blocs,8 300 organisations and 70 individual members. Chapters have also been formed at both the regional and provincial levels (FDC c. 1999). In addition, it is the only broad-based coalition dealing with economic issues, facilitating groups from different ideological backgrounds to come together on such issues (Tabios, M., pers. comm. 30 July 2001).

Campaign goals
FDC’s public campaign on oil deregulation started in 1996, after the implementation of RA 8180. Initial activities conducted by the group included the holding of two symposia, or ‘Citizens Review on the Oil Industry’ that were intended to familiarise members of the progressive movement (or the Philippine Left) with the issues surrounding oil deregulation, as well as build consensus within the movement regarding its stance on these issues, which would then serve as the framework for a campaign. The campaign began in earnest during the latter half of 1996, after FDC came out with a policy paper and advocacy agenda for the oil industry (FDC 1998:6–8). It was anchored on the premise that full deregulation as provided for under RA 8180 would be detrimental to citizens’ welfare, given the oligopolistic nature of the industry and the country’s dependence on imported oil (FDC 1998:31).

Of immediate concern to the coalition was the start of full deregulation by March 1997. Thus, in the short term, the campaign was geared towards stopping the implementation of full deregulation through the lifting of price ceilings. Efforts were also geared towards the repeal and replacement of RA 8180 with a law that would embody ‘socially responsive and responsible provisions’ that would advance both citizens’ welfare and the economy. In the long term, the organisation’s advocacy goal was to push for a comprehensive energy program that would focus on demand-side management and the development of alternative and renewable sources of energy (Freedom from Debt Coalition 1998:40–1).

Strategy and outcome
In order to raise awareness among the general public on the relevant issues related to oil deregulation, FDC held educational discussions among its members and other interested groups and undertook a public information campaign that included regular press releases, a letter-to-the-editor campaign and the printing and dissemination of primers and other resource materials on the issue. In addition to these activities, protest actions (such as rallies and transport strikes) and lobbying activities in Congress were undertaken in order to pressure government to halt the implementation of full deregulation. These gained momentum after the government declared that full deregulation would proceed in February 1997, one month ahead of schedule. Along with four members of
Congress and two other NGOs, FDC filed a petition before the Supreme Court that sought to declare the implementation of full deregulation unconstitutional and asked for a restraining order on the implementation of RA 8180 (FDC 1998:8–9).

In addition, FDC initiated the formation of a national alliance against oil deregulation, the Bukluran ng mga Mamamayan Laban sa Oil Deregulation (BUKLOD), or Citizens’ Group Against Oil Deregulation. The alliance consisted of organisations and individuals that were in agreement with the objectives of the group’s oil campaign and served as its primary initiative for broadening public support for its campaign. It was seen as a means to reach out to people and/or organisations that did not necessarily want to be part of the group but supported its specific advocacy efforts with respect to oil deregulation (Cruz, M.S., pers. comm. 2 August 2001).

Despite these efforts, full deregulation still proceeded on 8 February 1997. Nonetheless, FDC continued with the campaign. Media and public information activities became the focus in 1997, until successive oil price hikes starting in August of that year sparked fresh protest actions. Another significant development was the Supreme Court decision on 5 November 1997, declaring the unconstitutionality of RA 8180. The Court decision stemmed from three provisions in the law that were deemed to inhibit free competition and therefore, violated the anti-trust mandate of the 1987 Constitution (see Supreme Court 1997). In particular, three provisions were pointed out as inhibiting free competition namely, the four per cent tariff differential between imported crude oil and imported refined petroleum products, the minimum inventory requirement and the provision on predatory pricing. The Supreme Court noted that under the oligopolistic structure of the local oil industry, such provisions only served to discourage free competition as it unduly favored the three big companies (or the Big Three), which had existing capabilities to immediately comply with the law, in contrast with the new players who would have to incur significant costs in order to meet these requirements. In addition, it asserted that the Executive department did not act according to the standards set in RA 8180 when it declared the full deregulation of the industry.

The Supreme Court decision served to shift the focus of the campaign to the legislature. FDC renewed its lobbying efforts in Congress as lawmakers worked on drafting a new oil deregulation law (FDC 1998:16). It was the only public interest pressure group to actively lobby Congress on the oil deregulation issue during that time. Aside from FDC, the other groups that were aggressive in articulating their respective positions in the legislature were the executive branch of government and oil industry players (House of Representatives 1997). The immediate passage of a new oil deregulation law was especially stressed by then President Ramos who called for special sessions in Congress in January 1998 that would tackle both the oil deregulation and national budget bills, as well as consider measures where either Senate or House action will result in the final passage of both bills, without need for a bicameral conference (Senate 1998:925).
In lobbying the legislature, FDC adopted the argument that perfect competition in the oil sector was unlikely, given the dominance of the three major oil companies and the presence of significant barriers to entry in the industry. Thus, the group recommended the adoption of several points in the new law. Two of the more contentious positions in FDC’s argument dealt with the use of price ceilings and the use of condition-bound signals for the start of full deregulation. The group emphasised that price ceilings must be imposed in order to protect consumers and that, although reasonable margins for oil companies must also be considered, the oil price formula to be used in the setting of such ceilings must primarily be geared towards consumer protection. Secondly, the group argued that the implementation of full deregulation must be based on a condition rather than time-bound deadline. Furthermore, FDC asserted that these conditions must be based not on foreign exchange and world crude oil price trends but on whether the market can self-regulate oil prices (FDC 1997). Taken together, these points would mean continued government regulation of the oil industry for an indefinite period as well as require the establishment of a mechanism that would adequately address oil price fluctuations.

FDC’s opinions were in significant contrast with the stand adopted by both government and the oil industry players who pushed for the immediate reinstatement of full deregulation. The Department of Energy argued that full deregulation was needed as soon as possible in order to keep investor confidence in the economy, especially in the face of regional uncertainty brought about by the Asian crisis, by showing government’s commitment to market reforms. It also pointed out the need to deregulate in order to exit from IMF supervision, as well as keep taxpayers’ money from being infused into the buffer fund (Philippines Department of Energy 1998). The Department of Finance echoed the Department of Energy’s position and furthermore, stressed the fiscal burden that would be placed on the government’s budget should the OPSF be re-imposed (Philippines Department of Finance c. November 1997–January 1998). The oil companies, including the new players, also called for the re-implementation of full deregulation as soon as possible in order to encourage competition in the sector. Moreover, they pointed out the potentially destabilising influence of a transition period on both investor confidence and the country’s petroleum supply (Pilipinas Shell 1997; Unioil 1997; Pryce Gases 1998; Bono Oil 1998).

FDC allies in the legislature aided in the inclusion of a transition phase in the Lower House oil deregulation bill, House Bill No. 10363 (FDC 1998:18; see also House of Representatives 1998); the coalition was also able to intervene in the Senate, which gave consideration to its position on the implementation of full deregulation (Senate 1998:1020–1). Specifically, Senate Bill No. 2388 made the end of the transition phase of oil deregulation contingent on the achievement by new entrants of a ten per cent share of the market. However, this gain was temporary since the final version of the bill mandated the implementation of full
deregulation after five months, with discretion given to the President to decide whether to accelerate full deregulation, subject to the conditions of declining world oil prices and a stable foreign exchange rate.\(^\text{13}\) In the end, the second oil deregulation law bore a striking resemblance to the first one, except for the problematic provisions cited by the Supreme Court. Under the new law, a uniform tariff of three per cent was set for both imported crude and refined petroleum products. The minimum inventory requirement was also abolished and the definition of predatory pricing refined. Five months after the Supreme Court declared RA 8180 unconstitutional, RA 8479 was signed into law with little substantial alteration.

### Explaining the outcome: campaign issues

As NGOs have gained prominence in development efforts, increasing attention has focused on their ability to act effectively. A great deal of time, effort and money now goes to capacity building to improve NGO effectiveness. In the case of FDC’s campaign, the difficulties it encountered arose from both internal and external sources. However, while some internal factors might have affected the campaign, it seems that it was external factors in the political and economic context that determined its outcome.

Specifically, the internal or organisational factors which were significant included limitations in the support provided by FDC’s constituency, resource constraints and the difficulty of building consensus among its members. On the other hand, economic conditions and the presence of other strong interests in the policy environment were some of the external or contextual factors which impacted on the campaign’s outcome.

### Constituency support

The recognition that mass support is important in advocacy work had been a guiding influence in FDC’s campaigns. As Melgar (pers. comm. 27 July 2001) noted, the participation of member organisations was very important in its advocacy programs in order to show public officials such as legislators that there was broad support for these positions and that the coalition’s constituency was not comprised of only one sector or one political persuasion. In the case of the oil campaign, constituency support came not just from FDC member-organisations but from other groups outside the coalition that were affiliated with BUKLOD as well.

Nevertheless, the limited involvement of FDC’s constituency was a significant concern for its activists. For example, a task force (composed of coalition members as well as national secretariat staff) to take charge of the oil deregulation campaign was formed but after some meetings, was not sustained (FDC 1996). Although the task force later expanded to become BUKLOD (Cruz, M.S., pers. comm. 2 August 2001), support was still erratic. However, these experiences were not isolated occurrences; in fact, member participation was a common problem in FDC’s campaigns and had contributed to efforts being secretariat rather than member-driven (Gershman 1993). As FDC’s oil deregulation campaign coordinator Cruz (pers. comm. 16 July 2001) pointed out, members primarily
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rely on FDC-formulated programs instead of developing their own plans that would embody the advocacy points of the coalition. This meant that national campaigns were not effectively replicated at the local level, where constituency building primarily takes place.

One former FDC campaign department member commented that member participation in campaigns has fluctuated over the years with various determinants influencing support such as the nature of the issue (whether it has mass appeal or is of interest only to certain sectors), as well as factors that affect the coalescing of groups such as the political environment and relations among the organisations (Melgar pers. comm. 27 July 2001). Organisation-wise, Cruz (pers. comm. 3 and 16 July 2001) pointed out the difficulty in sustaining members’ support due to the inherent tension between the needs of the coalition’s campaigns and those of individual members, where campaign priorities may not be shared by the member and/or limited resources inhibit participation. Nonetheless, members’ perspectives regarding FDC may also be another factor affecting participation, especially given the political inclinations of many of its members. An early explanation of these difficulties is the unpublished paper by analyst Gershman (1993) who notes the tendency among sectoral representatives to view the coalition from a narrow perspective, focusing more on how FDC would advance their own agenda rather than focusing on the opposite view, consequently hampering their understanding of FDC’s advocacy campaigns and their participation in them. However, organisational deficiencies may have also contributed to the problem of member participation, for instance, prior to 1999, the coalition lacked effective formal systems for developing member participation, including coordinating, monitoring and feedback mechanisms (see FDC 1999:25–6; Tabios, M., pers. comm. 30 July 2001).

The limited involvement of BUKLOD in the campaign also points to FDC’s failure to actively develop and utilise the network. After the campaign’s initial peak during the first half of 1997 (when full deregulation was implemented) FDC was not able to maintain ties with the organisations it had initially tapped for support, for instance, failing to give updates on advocacy work and other related developments to members. One of the reasons was that the group had to grapple with issues of flexibility as well as the needs of the campaign—the difficulty of convening the members of BUKLOD and the necessity of quick responses to major developments on one hand and the changing nature of the campaign on the other kept FDC from sustaining links with BUKLOD member organisations. In addition, rapid and unexpected developments in the oil industry led to a reliance on FDC organisations that could be more easily tapped for assistance and have the mobilising capacity for protest activities (Cruz, M.S., pers. comm. 2 August 2001). A perceived lack of awareness on FDC’s part of the dwindling support of BUKLOD (Cruz, M.S., pers. comm. 2 August 2001) may also have contributed to former’s failure to develop the latter as a partner in its campaign.

It can certainly be argued that the network did not reflect a considerable
expansion in the coalition’s constituency base. In fact, a significant number (roughly 40–50 per cent) of FDC members were also part of BUKLOD (Cruz, M.S., pers. comm. 3 July 2001). BUKLOD also lacked the organisational capacity to mount nationwide initiatives—a People’s Oil Watch (POW!) that was launched by the coalition in order to monitor oil prices and other developments in the oil industry was undertaken by FDC who, as Cruz (pers. comm. 2 August 2001) pointed out, had the ready machinery (that is, regional chapters that can monitor developments in the provinces) to do the monitoring of oil prices. While the arrangement was certainly more convenient and led to immediate results, it further illustrates the limited capabilities of the new coalition in relation to the campaign.

**Resources**

Resource deficiencies also slowed down FDC’s oil campaign. At the time it embarked on its advocacy program, it had yet to develop technical competence on the oil issue, a new field for the organisation. Admittedly, FDC’s efforts were inhibited by this factor. Inadequate technical expertise partly led to a lack of timely and clear analyses and commentaries (as well as the confidence to articulate its position) during the course of the campaign (FDC 1998:19–20; Cruz, M.S., pers. comm. 16 July 2001). A case in point was the difficulty that FDC faced in asserting its position during the period of successive price increases in the second half of 1997. While it believed that such increases were unjustified, a lack of expertise in the area of oil price setting led to a hesitancy in calling for a rollback (Cruz, M.S., pers. comm. 16 July 2001).

Other forms of resource constraints were also evident. Financial resources were limited and popular education activities and awareness-building were not intensive, partly because of the significant resource requirements involved (Cruz, M.S., pers. comm. 16 July and 2 August 2001). In terms of a ready workforce, the national secretariat provided staff support to the coalition’s advocacy agenda, which included not only oil deregulation but other priority areas as well. Campaign teams (or ‘clusters’) were formed by grouping staff from the relevant departments namely, Policy Studies and Research, Advocacy and Popular Education and Media and Public Information and were in charge of implementing campaigns (FDC 1996). The presence of multiple campaigns, however, meant that these teams may handle more than one program—the cluster for oil, for example, also handled the campaign on public utilities and retail trade liberalisation (Cruz, M.S., pers. comm. 16 July 2001). While these campaigns were in varying stages of development (and thus, did not need equal levels of support), they did entail a significant amount of work from the secretariat, who also had to work on the general programs that were set for their respective departments. In fact, the running of multiple campaigns and the considerable demands that this placed on the secretariat was raised as an issue in an internal evaluation of the organisation’s activities (FDC 1996).

The running of multiple campaigns also had a negative impact on the way they were conducted as the existence of other priority
areas meant a diffusion of both focus and resources that led to campaigns being reactive—activities were launched whenever there was a significant development in an issue area but attention and resources were shifted elsewhere otherwise. For example, popular education, which were necessary for awareness and constituency building, only intensified whenever there were major developments in the oil industry (Cruz, M.S., pers. comm. 16 July 2001). Similarly, POW!, which was supposed to monitor oil prices and other industry-related developments, was active initially when it was launched during the first quarter of 1997 but eventually tapered off by October of the same year, with only Metro Manila doing regular price monitoring activities (Cruz, M.S., pers. comm. 3 July 2001). Gains, especially in building constituency support, would have been more significant had these efforts been sustained throughout the duration of the campaign.

Building consensus

While consensus building was an important component of FDC’s advocacy campaign, it was not an easy process. Building consensus among the member organisations on the oil issue took time since oil deregulation was a new concern for the coalition and there were no previous unities to build upon; conflicting views among the members on the appropriate stand that the coalition should take as well as the need for education on the pertinent aspects of the issue slowed it down (Cruz, M.S., pers. comm. 16 July 2001). Although there was a need to develop a clear and united stand on oil deregulation, it had a significant impact on the timing of FDC’s activities—popular education initiatives, for example, got off to a slow start partly due to the fact that the coalition was still building consensus among its members (Cruz, M.S., pers. comm. 2 August 2001). It also meant that the campaign did not begin immediately in 1996 and thus, was not able to include active intervention in government hearings on the automatic pricing mechanism and specific taxes for oil products held during that year (FDC 1998:8).

Aside from timing, however, there was also the question of coming up with a satisfactory position for all members, especially given their ideological diversity; although compromises can be reached, these tended to be weaker and took longer to reach (Tabios, M., pers. comm. 30 July 2001).

Despite FDC’s organisational limitations, it was still able to influence the formulation of the oil deregulation bill in both the Senate and the House of Representatives. However, the group failed to build on these initial gains due to hindrances in the policy environment.

The policy environment

In addition to organisation-related issues, FDC also confronted several challenges in the external environment. One major obstacle was the firm commitment of the executive branch to deregulation. Economic problems that the first oil deregulation law sought to address were still present when it was nullified. For instance, the government still did not have the capacity to restore the buffer fund. In fact, at the time the Court decision was declared, its outstanding debt to the oil companies stood at PhP2.6 billion.
or about US$88.2 million\(^1\)\(^6\) \((\text{The Manila Times}, 6\text{ November 1997}:5)\). Furthermore, the deregulation of the oil industry (including the abolition of the OPSF) was among the conditions that the country must meet before it could exit from the International Monetary Fund’s supervision of the economy \((\text{The Manila Times}, 6\text{ November 1997}:5)\).\(^\text{17}\) The impact of the Supreme Court ruling on investor confidence was another issue, especially after various business groups pointed out that the verdict cast doubt on the stability and permanency of the administration’s other deregulation and liberalisation initiatives \((\text{The Manila Times}, 7\text{ November 1997}:5)\). These concerns were exacerbated by the East Asian currency crisis, which put additional pressure on the government to maintain a stable economic climate for investors.

Both the executive branch and oil companies predominated in the crafting of the oil deregulation policy. Although FDC was recognised as an active lobbyist in the legislature, interview respondents from Congress generally identified government (or the Department of Energy) and oil industry-related companies as major actors in the formulation of the second oil deregulation law. The president, who was heavily in favor of an immediate return to deregulation, was also a significant influence (Bernales, A.D., pers. comm. 29 June 2001; Garcia, E., pers. comm. 24 July 2001; Zulueta, P.P., pers. comm. 18 July 2001; Posadas, S.V., pers. comm. 24 July 2001). Unlike the oil industry groups or the executive department, FDC did not play a key economic nor political function, although, as pointed out by a lawmaker (Garcia, E., pers. comm. 24 July 2001), it was recognised as part of the general (voting) public.

Nevertheless, lawmakers’ personal perceptions may have also affected FDC’s efforts to build support in Congress for its advocacy agenda. Key informants made mention of the perception in the legislature of FDC as a ‘radical organisation’ or one that always opposes government policies (Garcia, E., pers. comm. 24 July 2001; Posadas, S.V., pers. comm. 24 July 2001; Mojica, A.I., pers. comm. 25 July 2001). In the case of FDC’s oil campaign, its active allies were the so-called ‘progressive-minded’ legislators (or those open to the policies it espoused), usually those from the opposition or minority group, and many of them partners in past campaigns (Cruz, M.S., pers. comm. 3 and 16 July 2001). Specific perceptions or biases certainly play a part in determining policymakers’ relations with groups since the acceptance of an interest group’s position in the legislature also depends on whether it conforms with lawmakers’ respective ideological predispositions and views on the policy in question (Posadas, S.V., pers. comm. 24 July 2001; Mojica, A.I., pers. comm. 25 July 2001; Paez 1997:65). In this respect, one difficulty for FDC may have also been the perceived viability of its position of continued government regulation from the point of view of public policymakers. As a public official pointed out, this would have marked the resumption of government subsidies to the oil sector, which the government could not afford (Monsada, Z.Y., pers. comm. 1 August 2001).

Drawing on the experiences of other NGOs, Wui and Lopez (1997:11-3) argue that
state institutions and civil society have negative biases towards each other that prevent them from positively relating to each other. These arise from differing modalities of thinking or ‘clashing worldviews’ between state institutions and civil society organizations that are reflective of divergent ideological frameworks and cultures. This may have been the case with FDC’s campaign but it certainly failed to substantially influence state officers who were not already sympathetic.

Conclusion

As the preceding section has shown, both organisation-specific factors and the policy environment affected the outcome of FDC’s oil deregulation campaign. Limited and erratic constituency support, multiple programs coupled with resource constraints and the disadvantages associated with building consensus among members with diverse viewpoints weakened the coalition’s advocacy efforts. On the other hand, the economic implications of regulation were considerable and meant that the executive branch was committed to the immediate deregulation of the industry. Together with the oil industry players, it was aggressive in articulating its position in the legislature after the first oil deregulation law was annulled by the Supreme Court. Biases in the legislature related to the economic and political importance of these groups in comparison with FDC also included perceptions of FDC and its position as radical and oppositionalist. These factors all seem to have had a negative impact on the coalition’s advocacy efforts.

Moreover, this study shows that factors outside the purview of an organisation may affect considerably the outcome of an advocacy campaign. The re-imposition of oil deregulation was brought about largely by economic imperatives that prodded government to favor its resumption. Even though institutional structures for NGO intervention existed (in this case, through the judiciary and Congress), economic conditions and the influence of other strong constituencies were instrumental in determining the final policy outcome. In the end, ensuring success in policy advocacy necessitates looking beyond an organisation’s competencies to the context within which such policies are formulated. Without a clear understanding of the policy environment, threats and opportunities for intervention may be missed and lead to less than desirable results.

Notes

1 This article adopts Silliman and Noble’s (1998b:6) definition of NGOs as voluntary organisations independent of both government and private business.

2 Both primary and secondary sources of data were utilised for the study. These included resource persons from Congress and FDC, records from the legislative archives of both Houses of Congress, FDC campaign materials, news articles and other studies.

3 These include new and renewable energy resources such as solar and biomass energy, as well as geothermal and hydro resources.

4 The petroleum industry is composed of the upstream sector (which is involved in oil exploration activities) and the downstream sector. The downstream industry is involved
in all the other activities related to the purchase and selling of crude oil and its derived products. These include the importation and exportation of crude oil and petroleum products, refining and retailing activities (Lee 2000:2).

5 Using the exchange rate of US$1=PhP 26.22 recorded by the Bangko Sentral (Central Bank of the Philippines) for 1996.

6 Almost all oil price hikes during the both the Aquino and Ramos administrations led to street protests, two of which were eventually used by coup plotters to attempt to destabilise the government (Pilapil 1996:11).

7 One of the problems that faced the Aquino administration was the massive foreign debt problem of the previous regime under Marcos that stood at US$26 billion shortly before it ended in February 1986. The huge debt problem was seen by many to be a result of the mismanagement and widespread corruption of the Marcos administration, benefiting private individuals instead of the Filipino people. In contrast to the new government’s position of repaying all debts, FDC lobbied for a moratorium on debt service payments until acceptable terms (based on the country’s capacity to pay) can be hammered out. Secondly, it advocated a cap on debt service payments in order to enable the country to finance its economic recovery. Finally, it urged government to disengage from fraudulent loans, including private debt (Grageda 1994).

8 Although the term ‘political bloc’ is a generic label for any group engaged in political action in the Philippines, it is commonly used to refer to organisations that uphold alternative ideological belief systems that challenge state power (Abao 1997:272; Constantino-David 1998:29). They are classified according to the ideological framework they subscribe to—communism, national democracy, socialism, democratic socialism and social democracy (Abao 1997:272), with some writers also adding the liberal democrats (or those to the right of the ideological spectrum) to the list (see, for example, Clarke 1993 and Constantino-David 1998:29).

9 FDC’s co-petitioners were Congressmen Edcel C. Lagman, Joker P. Arroyo, Enrique Garcia, Wigberto Tanada, Flag Human Rights Foundation, Inc. and Sanlakas.

10 While RA 8180 bans predatory pricing (or ‘selling or offering to sell any product at a price unreasonably below the industry average cost so as to attract customers to the detriment of competitors’), the Court declared that the provisions on the tariff differential and the minimum inventory requirements constituted significant barriers to entry and therefore, makes it tempting for a dominant player to engage in predatory pricing and succeed (Supreme Court 1997:360–1).

11 The Supreme Court argued that the depletion of the OPSE, which was considered by the Executive department in its decision to fully deregulate the oil industry, was not mentioned in the guidelines that were set in RA 8180 to determine when the industry could be fully deregulated.

12 Bicameral conference committees are formed whenever there is a need to harmonise the Senate and Lower House versions of a bill such as when significant disparities between the two exist.

13 This enabled the Ramos government to implement full deregulation a month after the passage of RA 8479.

14 For the period 1996–98, FDC identified ten priority areas that would serve as the basis for its advocacy work. These included fiscal policy issues such as the tax system, the national budget and public spending, including debt; structural adjustment programs and multilateral agencies; and the
deregulation of the oil industry and public utilities (see FDC 1996).

15 The assessment of previous campaigns has also led FDC to narrow its focus to three campaigns at the most for a given three-year period (FDC 1999:9).

16 Using the exchange rate of US$1=PhP 29.47 recorded by the Bangko Sentral (Central Bank of the Philippines) for 1997.

17 The International Monetary Fund was also an important consideration in hastening the full deregulation of the oil industry in 1998. Then president Ramos admitted that full deregulation was necessary in order to increase chances of successfully negotiating for a US$1.6 billion ‘standby credit facility’ for any financial emergency that may occur after the country’s exit from the IMF’s supervision (The Manila Times, 16 March 1998:1).

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Appendix

List of interviewees

(Note: Interviews were conducted from 29 June to 1 August, 2001)


Dela Cruz, Marie Stella, campaign coordinator for FDC’s oil deregulation campaign, 1996–98.


Melgar, Teresa, member, campaign department, FDC, 1990–94.

Mojica, Arturo I., legislative staff officer, Senate; committee secretary, Committee on Energy, 1995–96.

Monsada, Zenaida Y., acting director, Energy Industry Administration Bureau, Department of Energy.

Posadas, Sylvia V., technical staff, Philippine National Oil Company; legislative staff officer, House of Representatives, 1987–90.

Tabios, Malou, program officer for campaigns, FDC.

Zulueta, Paraluman, P., legislative staff officer, Senate; committee secretary, Committee on Energy, 1996–98.
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