

Foundation for the Philippine Environment (FPE)
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I. History

The establishment of the Foundation for the Philippine Environment (FPE) was an initiative of nongovernment organizations (NGOs). Various Philippine NGOs, the World Wildlife Fund/US (WWF/US), and the Philippine Development Forum (PDF), with the support of the Government of the Philippines (GOP) and the U.S. Government, advocated a "hard cash" component in the Natural Resources Management Program (NRMP), a policy support program of the GOP with the U.S. Agency for International Development (USAID).

In 1990, the GOP and USAID signed the Memorandum of Agreement (MOA) for the NRMP which included a component to support NGO activities in biodiversity conservation and improved natural resource management. The creation of an endowed, private, nonprofit foundation was one of the objectives of the program. In April 1991, USAID and WWF/US signed a cooperative agreement to complete the first US\$5 million tranche of a debt-for-nature swap planned for a total of US\$25 million. The agreement also provided technical assistance for the establishment of FPE. An interim board and grants program structure was established later that year, and subsequent consultations were held with NGOs across the country to solicit input on FPE's program and governance.

FPE was officially registered with the Philippine government in January 1992. Within the year, members of the first regular Board of Trustees (BOT) were elected, an office was established, and grants totaling US\$520,000 were released under interim guidelines. These grants included significant support to strengthen Philippine NGO participation in the Earth Summit and related meetings, as well as 12 regular projects.

FPE's first Executive Director was selected in January 1993. In March 1993, a formal Memorandum of Understanding (MOU) was concluded among the GOP, USAID and FPE for the establishment of FPE's environmental endowment. In September of that year, the second debt-for-nature swap was concluded, bringing FPE's endowment to a total of US\$21.08 million. A subsequent debt-for-nature swap financed by the Bank of Tokyo brought the total to US\$21.2 million. In October, the BOT adopted its Five Year Strategic Plan (1994-1998), defining goals, objectives, and strategies. In December, FPE's grants program policies and guidelines were finalized and disseminated widely throughout the country. 1993 also saw various consultations with Philippine regional NGOs and People's Organizations (POs) about the establishment of "Regional Advisory Committees" (RACs) to provide broad NGO/PO guidance and outreach capacities for FPE.

Under its agreement with USAID, FPE's US\$21.08 million endowment fund was initially managed by WWF/US while FPE developed a grantmaking track record and management structure. In June 1994, the endowment fund was formally transferred to FPE's management, making FPE an independent, endowed nongovernment grantmaking institution actively funding on-the-ground biodiversity conservation programs throughout the Philippines.

II. Goals

FPE's ultimate goal is "an ecologically balanced, clean and healthy environment with communities living fully and caring responsibly for their environment." As an NGO, FPE's mission is to catalyze in an active, self reliant, sustainable and innovative manner, the biodiversity conservation and sustainable development efforts of communities.

FPE is committed to provide financial resources needed to strengthen and support NGOs/POs and communities to enable them to be proactive and capable agents of biodiversity conservation and sustainable development. It takes the role of a catalyst for cooperation and brings together individuals and groups working for the protection, enhancement and development of the environment. Where necessary, it facilitates the provision of funds through grantmaking and other alternative funding mechanisms.

III. Legal Structure

In January 1992, FPE was registered under the Philippine Securities and Exchange Commission as a private, non-stock and nonprofit corporation.

IV. Governance/Administration

The BOT is the sole approving/rejecting body for all proposals except small grants (called action grants) up to US\$5,000. A relatively powerful and “hands on” board, the BOT by design operates to maintain maximum accountability and transparency. The 11 members are from various organizations representing different interests, but serve in their personal capacities. The nomination process incorporates a system of checks and balances where an individual can only be elected by the present trustees from a list of nominees made by the Regional Advisory Committees (RACs) in consultative assemblies. The three RACs – one in each of the three major regions of the country are composed of NGOs and POs from these regions. This process builds the “street credibility” and representativeness of the BOT in the regions, but avoids politicization of the BOT which would result if members were elected directly by the RACs.

The board includes two seats each for the three regions; one for the government (Department of Finance); one for an international NGO (currently World Resources

Institute); and three, at-large. The BOT meets at least quarterly, as do its three committees: Executive Committee, Project Development Committee, and Investment Committee. In fact the latter two meet almost monthly. The BOT works very closely with FPE's management. The small BOT and its committee structure significantly contribute to effective, even urgent, on-the-spot decisionmaking.

The 23-person FPE staff is headed by an Executive Director, who holds authority for all day to day policy and program decisions that are not reserved to the BOT. Under the Executive Director is the Director for Program Development, who deals regularly with field personnel and grants program oversight; and the Director for Institutional Development, who deals with the internal affairs of the organization, with the RACs and the Experts Advisory Panel (EAP) – a body of national technical experts from whom the BOT and FPE's management seek technical advice. The next level of decisionmaking is by the Management Committee composed of the three directors, the Finance Manager and the Human Resources Development and Administration Manager.

The Management Committee meets on the first Monday of every month, or the Monday preceding the BOT meeting. The directors meet anytime between the Management Committee meetings. To allow more indepth discussion and avoid costly BOT meetings that require all 11 members, the BOT created committees on Executive (Policy), Investment, and Projects Development. Each committee is composed of at least five trustees. Any three trustees present at a committee meeting constitutes a quorum. The committees present their reports and recommend action to the BOT.

Strong high level government support is achieved via reservation of one BOT seat for a senior official from either the Department of Finance or the Central Bank. The private sector and the media are represented in the BOT by two trustees representing two foundations of

business conglomerates, one of which is the largest media conglomerate in the Philippines. The media is also linked through a proactive program targeting local radio broadcasters. The current BOT chair is very active in this program and is widely respected for his work in promoting environmental broadcasting.

V. Funding

FPE, in April 1991, received the world's largest environmental endowment fund from a single source to be managed by an NGO. As discussed above, USAID and the WWF/US signed a cooperative agreement to complete the first US\$5 million tranche of a debt-for-nature swap planned for a total of US\$25 million. In September 1993, the second debt-for-nature swap was concluded, bringing FPE's endowment to a total of US\$21.08 million. A subsequent debt-for-nature swap financed by the Bank of Tokyo brought FPE total funds to US\$21.2 million.

VI. Fundraising and Funds Facilitation

FPE has begun to develop partnerships with other grantmaking organizations. In May 1994, FPE entered into a co-financing agreement with the John D. and Catherine T. MacArthur Foundation — each contributing US\$400,000 — for a five year, multi-site program to support community forestry projects in canceled or abandoned logging concessions. FPE closely coordinates this program with the Department of Environment and Natural Resources (DENR).

In June 1996, FPE signed a MOA with the Philippine Development Assistance Programme (PDAP), a grantmaking organization focusing on local rural development. Under this MOA, PDAP and FPE will pool their resources and jointly develop, fund, and monitor projects at six sites. This will allow FPE's environmental focus to be strengthened with the core rural development focus and expertise of PDAP, to showcase the complementarity of lowland sustainable agriculture and upland biodiversity conservation.

Recognizing that many key biodiversity sites lie in the ancestral domains of the country's indigenous peoples, FPE signed another MOA with a fund that focuses on land rights, the Philippine Agrarian Reform Foundation for Rural Development (PARFUND). FPE and PARFUND will work together in assisting indigenous communities to develop ancestral domain management plans with associated support for delineation and recognition of those areas.

FPE is finalizing a MOA with the Foundation for Sustainable Society, Inc. (FSSI) for co-financing environmental livelihood projects of NGOs/POs all over the country. FSSI is a Philippine NGO endowed with US\$17.3 million through a bilateral debt reduction agreement between the Swiss and Philippine governments in partnership with the NGO communities of both countries. The FSSI endowment is now worth US\$19.5 million.

To co-finance capacity building of NGOs, POs, local government units, and indigenous peoples engaged in biodiversity conservation in protected areas, FPE is finalizing a MOA with the NGOs for Integrated Protected Areas (NIPA), a consortium of 18 development NGOs/POs organized to manage the US\$17.13 million NGO component of the Conservation of Priority Protected Areas Project, financed by a seven year US\$20 million grant from the Global Environment Facility.

These relationships have two distinct multiplier effects. First, they increase the available funding pool. Second, they allow the complementary expertise of different organizations to be brought together to focus on particular sites.

VII. Investment Policy

FPE has been investing the Endowment Fund in Philippine Central Bank special series Treasury Bills earning interest at market rates. Only the interest income used to fund projects

and programs. However, since January 1997, FPE – under its agreement with the GOP through the Department of Finance and the DENR – has invested in a mixed portfolio with the private sector to generate additional financial resources the portfolio including 20% equity, and 80% fixed income (government securities, Treasury Bills, lease receivables, direct loans, institutional funds).

VIII. Relation to National Environmental Plans

FPE contributed substantial inputs to the Philippine Agenda 21. The FPE Executive Director was co-chair of the Philippine Council for Sustainable Development (PCSD) during its establishment immediately after the Rio Summit in June 1992. PCSD is recognized not only as the world's first established national council for sustainable development, but also for its multistakeholder, consultative approach in decisionmaking. PCSD is a top policymaking body headed by the National Economic Development Authority and reports directly to the President of the Philippines on priority environmental and sustainable development policy concerns of the country.

To allow for a more active participation of other NGOs, FPE has since taken the back seat at the PCSD but has remained actively involved as a regular member of the subcommittees on natural resources and financing. In addition, FPE has been extending grants for a program to support the NGO/PO Counterpart Secretariat of the PCSD.

IX. Criteria for Grants

FPE uses three categories for its grantmaking program: (1) Action Grants for those needing urgent action with fund ceiling at US\$5,000; (2) Community based Grants for community based resource management projects implemented in 22 priority sites around the

country where FPE tries to focus a significant portion of its funds; and responsive grants for other community based resource management projects outside FPE priority sites; and Proactive Grants for those belonging to identified support service oriented projects often initiated by FPE itself.

While it is impossible to generalize about FPE projects, many share the following components: community dialogue and organizing, usually facilitated by local NGOs and POs within the project area; participatory development of a resources management plan; liaison and lobbying with relevant government authorities; provision of technical and capital inputs; implementation of the plan; and monitoring and evaluation of results. While most projects have focused on terrestrial environments, recently there has been an increase in community based coastal resources management projects.

X. Disbursements to Date

From 1992 to the last quarter of 1996, FPE received 874 project proposals: 96 in 1992; 204 in 1993; 115 in 1994; 108 in 1995; and 351 in 1996. Only 376 projects were funded, amounting to more than US\$7.2 million, of which 28% are national in scope and the rest, community based. Proposal quality and hence, the percentage of proposals approved, has increased steadily. Proposals received in 1996 account for 40% of all proposals received in the five years of FPE operations. The increase in proposals, in part, reflects FPE taking a more active role in helping project proponents develop their proposals.

In 1992, only 17% of proposals received were approved; in 1993, 36%; in 1994, 55%; and in 1995, 99%. In 1996, despite the excellent quality of proposals, only 38% of the 351 proposals received were approved due to limited funding available.

XI. Monitoring and Evaluation System

Project monitoring and technical support is done directly by project officers and other staff, and indirectly through members of the RACs and the Experts Advisory Panel, on top of required regular submissions of progress reports by project holders. FPE also includes process documentation by an expert third party as an integral component of project implementation.

XII. Auditing Requirements

FPE and all projects are audited by independent and accredited accounting firms at the end of each year funded projects also are subject to end-of-project audits.

XIII. Computer Resources and Capabilities

FPE has 12 desktop computers, seven notebook computers, and three laptops. It has three fax machines/lines, is connected to the Internet and has three email addresses. FPE is developing a Local Area Network (LAN) and soon will develop its own Web Page.

FPE uses Windows 95, Windows 3.1, and MS-DOS 6.0. The applications FPE uses include Word 6.0, Access, WordPerfect 6 for Windows, WordPerfect 5.1, Powerpoint, Pagemaker, Excel, Lotus, Corel Draw, Paintbrush, Printartist, and ACCPAC

XIV. Notable Accomplishments

Following are FPE's accomplishments vis à vis its goals and roles at four levels of development and environmental work: as an organization; at the local and community level; at the national level, at the international level.

As an organization, especially in its development and management, FPE's accomplishments include:

Creating and maintaining a clear and realistic vision, mission and goals.

To safeguard against the tendency to be pulled in many directions, FPE has adopted as broad a definition of biodiversity conservation as that of the Biodiversity Convention while ensuring that such a definition fits within the priorities found on the ground. FPE's linkages with other funding mechanisms have broadened the scope of its joint work, but FPE ensured the follow through of its own mission and goals.

Establishing a participatory, strong and effective governance system.

One of the most difficult challenges that FPE has faced is balancing strong central management with grassroots input and representation. FPE recognizes that a strong centralized BOT and staff structure is a must for effective management, but it also has to ensure credibility at the regional and local level for legitimacy and for effective generation and monitoring of projects.

FPE has tried to strike this balance through the composition of the BOT and the establishment, strengthening, and institutionalization of the Regional Advisory Committees. On the other hand, FPE has resisted calls from some for direct election of the BOT by the RACs, due to the threat that local politics would dominate an electoral process of that sort, as is the case in many other Philippine institutions and political processes.

To avoid even an appearance of favoritism and cronyism, FPE has clarified rules and regulations for funds management and grantmaking to all interested parties. Staff are accessible to answer questions.

Building an effective and efficient staff.

FPE's lean organization attends to all FPE concerns at the community, subregional, national and international levels. To ensure

effectiveness and efficiency, FPE maintains distinct lines of communication with the BOT and clear delineation of authority and responsibility among the staff. FPE core values and performance criteria include staff motivation, responsiveness to proponents, and teamwork. FPE conducts monthly staff meetings training and development sessions, bi-annual staff performance appraisal and peer evaluation.

Ensuring effective and transparent management of endowment funds.

FPE has managed its funds with the highest standards of integrity and transparency through regular independent audits and thorough financial reports, always made available to the public. FPE has a strict conflict-of-interest policy as well as DOSRI (directors, officers, staff, and related interests) restrictions.

Developing clear, effective and efficient grantmaking operations and procedures for a wider reach.

To clarify grant guidelines and application processes, FPE circulates the FPE Grants Programme Manual as a common point of reference, provides grantees the Financial Systems Installation Training, and circulates a monthly bulletin and a quarterly newsletter giving the status of proposals received, actions taken/projects approved, and the mobilization of funds.

FPE assists proponents in developing their proposals and ensures the technical soundness of such proposals by engaging the participation of the FPE Experts Advisory Panel.

- FPE has provided over US\$2 million worth of grants for 35 site-focused projects in 22 identified priority project sites all over the country. Priority site selection criteria include readiness of communities in the site for sustainable development projects; conservation value because of degree of biodiversity; level of threat to the community

and biodiversity; research and educational value of the ecosystem; biogeographic and archipelagic distribution; opportunity to fill major funding gaps; and project feasibility. The Experts Advisory Panel (EAP) selects the priority sites from the long list recommended by the RACs. Most of these site-focused projects are still in their preparatory phase – preliminary site assessment, advocacy, capability building, and planning.

- During its first year of operation, FPE also funded preliminary efforts at integrated park management that included planning and formation of Protected Area Management Boards, both being critical requirements for incorporation into the National Integrated Protected Areas System (NIPAS).
- Through its responsive grants program, FPE has provided over US\$2.5 million worth of grants for more than 73 projects related to community based resource management for marine, coastal, lowland, and upland ecosystems;
- For its action grants program, FPE has provided over US\$700,000 worth of grants for over 220 projects related to training, conferences, seminars, workshops, fora, symposia, study tours, campaigns and advocacy, publications, action research, dealing with a wide range of issues related to environment management. Examples include the award winning book “The Politics of Logging,” and support for indigenous peoples, such as capacity building, technical delineation of ancestral domain, and seminars on indigenous knowledge systems and practices;

At the national level, FPE’s accomplishments include:

- FPE was co-chair of the Philippine Council for Sustainable Development (PCSD), the world’s first national council for sustainable development.

- Conceptualization and development of more than 48 proactive projects, worth over US\$2 million geared toward expanding, strengthening and consolidating national, regional and community based biodiversity conservation projects.
- Participation in the formulation of a state policy regulating the scientific and commercial use of Philippine biological and genetic species. Enacted in May 1995, Executive Order 247 requires, in addition to the recommendation of government agencies, the consent of local communities before research and collection of samples is allowed. FPE is committed to ensuring the effective implementation of this policy. Thus, with funding from the World Resources Institute (WRI), FPE and the DENR developed the Manual on Bioprospecting, in consultation with all concerned sectors.
- Support for and input to the meeting on learnings from NGO-managed funding mechanisms (Laguna, 1996).
- With funding from USAID, development of the Philippine Country Study as support to the Philippine National Action Plan on Climate Change being prepared for the Office of Global Change.
- Fulfilling its mandate as a fund facilitator, FPE provided bridge funding to the NGOs for Integrated Protected Areas (NIPA) while the latter's US\$17.13 million grant from the GEF was being processed. This bridge funding enabled NIPA to conduct its preparatory activities.
- For the Foundation for Sustainable Society (FSSI), FPE also provided assistance to the study team as well as the planning mission while sharing its experiences in setting up an endowment fund.

At the international level, FPE's accomplishments are as follows:

- As the Asia-Pacific regional contact for National Environmental Funds, FPE was the official host of the First Asia-Pacific Forum for National Environmental Funds (APNEF97).
- FPE has also been providing grants for international fora/conferences held in the Philippines, as follows:
 - ◆ International Symposium on the Ecological and Economic Importance of Multipurpose Tree Species (Los Banos, 1993);
 - ◆ Asia-Pacific Children's Summit (Manila, 1994)
 - ◆ Experts Meeting for Operationalizing the Economics of Sustainable Development (Manila, 1995);
 - ◆ International NGO Forum (Tagaytay City, 1995);
 - ◆ International Coral Reef Initiative Workshop (Dumaguete City, 1995);
 - ◆ Second Meeting of the Asia-Pacific National Councils for Sustainable Development and Regional
 - ◆ Workshop for Rio+5 (Manila, 1996)
- FPE has been instrumental in planning and/or providing inputs to international fora/conferences held in the Philippines as follows:
 - ◆ Regional Conference on Sustainable Financing Mechanisms for Marine Pollution Prevention and Management: Public Sector-Private Sector Partnerships (Manila, 1996)

- ◆ Meeting of the Environment and Finance Ministers of Southeast Asia (Manila, 1996);
- FPE consulted with NGOs for the NGO inputs to the Philippine Action Plan for the Asia-Pacific Economic Cooperation (APEC) Meeting (Subic, 1996)
- FPE participated in international conferences like the U.N. Earth Summit, OECD/DAC Working Party on Development Assistance and Environment (Paris, 1995), Conference on Philanthropy and Development (Bellagio, 1995), Conference of Parties (COP-II) to the Convention on Biodiversity (Jakarta, 1995), U.N. Conference on Sustainable Human Settlements (Habitat-II, Istanbul, 1996), GEF/NGO Consultation (Washington, 1996), Regional Consultation of NEFs in Latin America and the Caribbean (Cartagena, 1996).

FPE also provided grants for the participation of other NGO representatives to the International NGO Forum and the U.N. Earth Summit (both in Rio, 1992).

Because of its unique experience, FPE has been studied, for replication, by several organizations and research institutions from all over the world. In some instances, potential NEFs like the Indonesian Biodiversity Foundation (KEHATI), then in the process of establishment, visited FPE for sharing of experiences.

XV. Perceived Needs and Challenges

- To build on the success of the First Asia-Pacific Forum (APNEF97), and to develop and enhance its role as the regional node of NEFs to support a global network of NEFs, FPE has been consulting with and engaging the participation of Philippine based funding organizations/agencies, then eventually the

Asia-Pacific funding mechanisms for the followup activities of APNEF97;

- Having been recognized by various organizations and sectors as a catalyst for cooperation at the national as well as international levels, FPE needs to take a more proactive role in ensuring the implementation of Philippine Agenda 21;
- To make sustainable its assistance to community based resource management projects, FPE needs to strengthen its linkages for co-financing with other funding mechanisms that provide grants and alternative financing for livelihood projects of the communities;
- FPE needs to generate more resources to substantially increase its endowment in order to ensure its responsiveness to funding needs of NGOs, POs, communities, and other sectors engaged in biodiversity conservation and sustainable development;
- FPE needs to organize a Consultative Group to widen participation for a more strategic management of FPE beyond its eleven-member Board mostly coming from NGOs. Potential members will come from the Philippine government, donor institutions, academe, private sector, the Philippine Congress, former FPE BOT members, other national and international NGOs.

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