



Formulating the Idea: The Founders

From Starting a Foundation in Foundation Building Sourcebook: A practitioners guide based upon experience from Africa, Asia, and Latin America

A. Scott DuPree and David Winder with Cristina Parnetti, Chandni Prasad and Shari Turitz

To obtain a complete 336-page Sourcebook, contact Synergos or visit www.synergos.org/globalphilanthropy/

Copyright © 2000 The Synergos Institute
9 East 69th Street, New York, NY 10021 USA
tel +1 (212) 517-4900, fax +1 (212) 517-4815
email synergos@synergos.org

Funding for the Sourcebook was provided by the Charles Stewart Mott Foundation, with additional support from Aga Khan Foundation Canada, the Asia Pacific Philanthropy Consortium, Avina, Inc., the Ford Foundation and Open Society Institute.

Section 1 Formulating the Idea: The Founders

The following section examines why and how founders of foundations formulated the idea for their initiative. In these three cases different structures suited to differing local needs and opportunities were chosen.

Example 1	A Community Foundation <i>Puerto Rico Community Foundation</i>
Example 2	Private Sector Membership <i>Foundation for the Philippine Environment</i>
Example 3	A Coalition for the Environment <i>Philippine Business for Social Progress</i>

Why Start a Foundation?

Each foundation in this chapter was established as a strategy for addressing a deep social challenge. These challenges had wide currency (social development, community building and environmental conservation) and they were not likely to be solved in the short or medium term. The question was not only how an immediate need could be met but how financial resources could be used to promote sustained action over the long term. Timing was also a factor. For example, the Philippine Business for Social Progress owed its genesis to the perceived need of business leaders to show their social conscience and separate themselves from a dictatorial government of the time.

Who Starts Foundations?

The founders of the foundations in this chapter—Philippine Business for Social Progress (PBSP), the Puerto Rico Community Foundation (PRCF), and the Foundation for the Philippine Environment (FPE)—were small groups of individuals (five to ten) who were committed to finding support for causes about which they felt strongly. Towards this end, they devoted significant time, energy and/or financial resources. Individuals came from various backgrounds including business, academia, government officials, and religious and civil society. In every case, the leadership and vision of individuals in the group was fundamental. These founders often became trustees, directors or staff, and continued to assist the development of the organization in their new roles.

Founders played various roles. They:

- Articulated the need for a foundation;
- Contributed technical support, funding, advice and facilitation

- Raised funding for the initiative
- Mobilized the talents, energy and resources of others who shared their vision
- Planned and implemented the foundation

While individuals are often the driving forces behind the development of grantmaking foundations, organizations can also play pivotal roles. In the case of PRCF, FPE and PBSP, established organizations including other foundations, non-governmental organizations, businesses and even government departments assisted in the creation of the foundation. . The support these organizations gave to the effort came in the form of access to knowledge and information, physical space, seconded staff and technical assistance.

What Skills and Knowledge Are Useful in Establishing Foundations?

Some skills founders brought to bear were:

- Understanding of economic and social conditions and how these affect the communities they wish to serve
- Knowledge of existing institutions and networks involved in similar issues
- Expertise on local laws governing the nonprofit sector
- Accounting expertise, particularly, knowledge of fund management and tax laws
- Connections to organizations or individuals who will potentially provide support
- Knowledge of non-governmental organizations, particularly, how they are managed, what structure they can take on and what needs they have

What Role Can Organizations from Other Countries Play?

Grantmaking foundations are a relatively new type of organization in many countries. Obstacles to establishing them include a lack of information and an uncertain financial context. Organizations in other countries can help to overcome some of these obstacles by providing information, good models and financial and technical assistance. This was the case in the development of PRCF where the Ford Foundation played an important support role, as well as for PBSP where the founders adopted useful approaches from another Southern foundation—Venezuela's *Dividendo Voluntario Para la Comunidad*. The founders of PRCF and PBSP each worked with foreign groups to assess the need for a grantmaking organization, gain political and financial support and adapt the idea to the local context.

Specialized international NGOs (such as Synergos), associations of foundations and religious institutions have also been important in the development of Southern grantmaking foundations, but they did not play a role in these cases. These organizations provided access to resources, technical support and consultants, links to other foundations, and information.

Summary Points

The case for a grantmaking foundation is usually built upon the identification of specific, unmet needs. The foundation-building effort usually rises from the identification of a particular need and the realization that a grantmaking foundation is the most effective and appropriate response. The founders of PBSP saw social unrest and the growing disparity between rich and poor as a need to be immediately addressed through the committed involvement of business in social development efforts. In the case of FPE, the need that propelled the foundation-building effort was the escalating problem of environmental depletion and degradation. Founders must also determine that the effort required to address the need is feasible.

Committed leadership and support are critical in the early stages. The core or founding group plays a key role throughout the period of formation of a new foundation. For the initiative to move forward, it is critical to have a group of individuals or institutions organized around the same idea and committed to ensuring the success and sustainability of the effort. The seven-member founding group of PRCF was key in defining the structure and role of the new foundation. Each member also brought his/her personal legitimacy to the process—which proved critical to attracting funding.

Building alliances with other groups and sectors can help gain broader support for the new foundation. Members of the founding group can come from the same sector of society (as in PBSP's case, where all members came from the business community) or from different sectors and professions (as in the cases of PRCF and FPE). What is vital in both cases, is the commitment of every member to the common goal of building a financing organization, and their willingness to devote their time, expertise and resources to make it happen. In the three cases in this chapter, the founding group played a critical role in engaging the support of others, giving shape to the idea of a foundation, guiding the process and defining the mission and vision of the new foundation. Involving people from different sectors also helps incorporate new skills to the process.

If a part of the foundation building process, local and external actors can facilitate access to expertise and resources. Local and/or international entities (Northern and Southern foundations, NGOs and aid agencies) are, in some cases, key partners in the foundation building process. They usually provide technical expertise, financial and/or political support to the initiative. In the case presented by PBSP, a Venezuelan organization provided the model from which the Filipinos defined the structure of their new foundation. PBSP also benefited from the expertise and support of a local NGO, the Economic Development Foundation, which played a critical role in organizing the professional staff. In PRCF's case, an international foundation, the Ford Foundation, provided financial and technical support and credibility to the building of the new organization.

Example 1

A Community Foundation
Puerto Rico Community Foundation

The Role of the National Puerto Rican Coalition

The initial inspiration to establish a foundation came in the early 1980s from the Puerto Rican community in the United States. The National Puerto Rican Coalition (NPRC), a Washington, DC-based lobby group that had historically served the needs of Puerto Rican immigrants in the United States, was looking for a way to stimulate US-based philanthropy to the island.

In June 1983, NPRC sponsored a seminar in San Juan to focus on the needs of the nonprofit sector in Puerto Rico. NPRC invited nonprofit organizations, corporations and US foundations. Two Puerto Rican universities, the Inter-American University and the Ana G. Méndez University System, co-sponsored the event. The idea of creating a grantmaking foundation was proposed for the first time at the seminar. According to NPRC President Louis Nuñez:

This seminar was the eye-opener. Fifty organizations were expected to attend. Ninety did, and the needs they described to the representatives from the donor community were so dramatically presented that steps were immediately taken to set in motion follow-up sessions aimed at devising the kind of structure needed to group these widely varied entities into an umbrella-type organization that could assist them all in obtaining the resources needed to deal with their specific problems.¹

The seminar prompted several subsequent meetings among the NPRC, the Ford Foundation and the Schering-Plough Corporation. One major outcome of these meetings was a Ford grant of \$30,000 to NPRC for a feasibility study on the idea of creating a community foundation in Puerto Rico. In October 1983, NPRC contracted Alex W. Maldonado, a leading Puerto Rican publisher, public relations executive and journalist, to conduct the study. Maldonado carried out dozens of in-depth interviews, introduced the concept of a community foundation and researched potential donors.

Some other contributions of the NPRC to the founding of the PRCF were that it:

- Identified and contracted the consultant for a feasibility study
- Promoted the idea of a community foundation to potential supporters in Washington and Puerto Rico
- Participated in a core group that designed the mission and vision of the foundation

The Role of the Business Community

After an economic boom in the 1950's and 1960's, Puerto Rico faced a sharp recession in the 1970's that saw many workers migrate to the United States in search of employment. To mitigate the impact of the 1974-1976 global recession, the US adopted incentives to create jobs on the island. One of those was Section 936 of the US Internal Revenue Tax code that granted businesses attractive tax credits if they located in Puerto Rico. The island became a tax haven for US

manufacturing investment, especially in the pharmaceutical industry. The law permitted Puerto Rican subsidiaries of US corporations to repatriate their profits to the mainland free of federal taxes. Companies that benefited from the tax law became known as "936 companies." Several of these companies, following the lead of Schering-Plough, were influential in founding the PRCF.

Schering-Plough Corporation

Although many corporations were invited to the June 1983 seminar, Schering-Plough, a "936" company that produces pharmaceuticals, was the only one that attended. The interest of Richard Kinney, president of Schering-Plough's Puerto Rico operations, was key to its feasibility.² Schering-Plough had three manufacturing plants in Puerto Rico and close ties with the National Puerto Rican Coalition in the US. After the seminar, Richard Kinney agreed to join in support of the creation of a community foundation. According to a case study about PRCF's formation written by Roberto E. Bouret, founder of PRCF:

Kinney agreed to seek the personal participation of Schering-Plough's Chairman and CEO, Robert P. Luciano, in leading the effort to rally corporate support for the project from his Section 936 colleagues. Luciano, it was proposed, would approach his peers at the highest executive levels of the pharmaceutical industry. This was seen as the most productive approach, inasmuch as it might mollify the reluctance of local management in Puerto Rico to become involved in community efforts which could well exceed their managerial discretion in terms of funds allocations.³

Luciano accepted the role as chair of the Foundation's Development Committee. He led the effort and committed \$100,000 a year for three years from his company. Luciano and Kinney were instrumental in rallying support from other 936 companies. In its first year, thanks to their efforts, the foundation had commitments of US\$1.8 million from eleven "936" companies, two local banks and several smaller donors.

Banco Popular of Puerto Rico

Another corporate leader in the forefront of the local effort to gain support for the foundation was Héctor Ledesma, President of Banco Popular, the largest Puerto Rican bank. Nuñez of the NPRC, Ford Foundation President Franklin Thomas and Schering-Plough's Luciano met with Ledesma to promote the idea of the Foundation. Seeing the interest and commitment of the Ford Foundation to the idea was one of the reasons Ledesma believed that it was viable. According to Louis Nuñez, "Héctor would soon thereafter become the President of the Puerto Rico Community Foundation's Board of Directors and would commit Banco Popular to a contribution of \$150,000, the largest from any locally owned business."⁴

In summary, the key contributions of corporate leaders to the founding of the Puerto Rico Community Foundation were:

- US\$1.8 million to match international challenge grants
- Lobbying efforts to other US and Puerto Rican corporations to support the foundation
- Direction and guidance through Advisory Committee and Board participation

The Role of US Foundations

In several cases private US foundations, such as the Ford, Rockefeller and C.S. Mott Foundations, the Carnegie Corporation and the John D. and Catherine T. MacArthur Foundation, have played a significant role in assisting in the establishment of foundations in other countries. For PRCF, the interest and support of Ford and several other US foundations gave the founders seed resources and credibility that helped them to involve others and move ahead at a faster rate.

Because they attended the June 1983 seminar, representatives from the Rockefeller Foundation, the Carnegie Corporation and the Ford Foundation were involved from the first stages of the effort. Ford took a special interest in the idea of a local grantmaking institution in Puerto Rico, recognizing that local nonprofit organizations were sufficiently organized to benefit from a foundation. Ford's motivation was based on its interest in improving its grantmaking in Puerto Rico. According to Ford's current President, Susan Berresford, "We had come to the conclusion that our staff could not spend enough time in Puerto Rico to know the island well enough to make good grants."⁵

The Ford Foundation, and particularly then-Vice President Susan Berresford and Program Officer William Diaz (himself from Puerto Rico), helped facilitate the formation of PRCF. Ford:

- Supported the feasibility study
- Assigned its counsel to investigate legal issues around starting a foundation
- Hired a consultant, Homer Wadsworth, formerly of the Cleveland Foundation (a US community foundation), to guide the core group in starting the foundation
- Galvanized the support of other US donors to raise an initial \$4 million in challenge grant funds for the foundation
- Loaned the services of one of its staff, Patricia Biggers, to train the first program staff and contracted the services of Michael Hoffman from the Cleveland Foundation for support in setting up the administrative procedures
- Provided ongoing financial, technical and political support

The Role of the Founding Group

The consultant conducting the feasibility study, Maldonado, and NPRC Director Louis Nuñez recruited the most enthusiastic of those interviewed for the study to

be part of a founding team. The objective of the team was to translate the foundation idea into a reality. The team included:

- Héctor Ledesma, President of Banco Popular
- Raymond González, Partner in charge of Price Waterhouse in Puerto Rico
- Roberto Bouret, Vice President for Public Relations of the pharmaceutical company, SmithKline Beecham, and a veteran fundraiser
- Manuel Dubón, a lawyer and real estate developer
- Salvador Casellas, a prominent lawyer and former Secretary of the Treasury in Puerto Rico
- Jaime Fonalledas, president of a real estate conglomerate
- Ethel Ríos de Betancourt, a university professor and administrator

The team had a profound impact on how PRCF exists today. Possibly the most important contribution they made was in developing the foundation's initial financing. Ledesma became deeply involved and was key in gaining contributions from local businesses in Puerto Rico; he later became the first President of PRCF's Board of Directors.

The NPRC's Nuñez also worked with the Ford Foundation to gain support from other US foundations. Towards this end, PRCF received a US\$250,000 seed grant from Ford, in addition to commitments of nearly US\$4 million from Ford, Rockefeller, Carnegie, Mott and the John D. and Catherine T. MacArthur Foundations. Their donations were structured as challenge grants to encourage additional individual and corporate donations. PRCF was given three years to raise US\$8 million to satisfy a two-for-one match and receive the US\$4 million combined pledge by the group of US foundations. PRCF accomplished this goal.

From the beginning of 1984 through April 1985, the founding members met almost once a month, sometimes in day-long meetings, in order to discuss key issues surrounding the establishment of the foundation (structure, role, mission, program areas). These meetings usually took place in an office lent by the Banco Popular. Toward 1985, the team expanded, incorporating people from areas and fields of expertise not yet represented among the founders. This expanded group designated itself as PRCF's first Board of Directors.

Significant accomplishments of the Board were:

- Legally incorporating the foundation
- Writing a mission statement
- Drafting the by-laws
- Launching a publicity campaign to widely disseminate information, not just about the new foundation, but about the broader idea of a community foundation

The process of formation culminated by the end of 1985. By that time PRCF had elected its first President and had begun to make grants amounting to \$500,000.

Contributions of PRCF's founding members include:

- Building the funding base of the organization, through contributions from local corporations, “936” companies located in the island and US foundations.

- Defining the mission and objectives
- Delineating the foundation's structure and initial staffing needs
- Defining the main program areas
- Selecting the original Board members
- Providing technical assistance in procedural and administrative matters

Several of the founders went on to become original Board members, continuing to influence the development of PRCF.

Example 2

Private Sector Membership

Philippine Business for Social Progress

The PBSP was established in December 1970 by 50 leaders of top Philippine corporations who saw the need for a mechanism that would deliver professional development assistance to the poorest of Filipinos. Today, the PBSP is a corporate led foundation whose membership (175 companies) has committed one percent of net income before taxes to social development.

Timeline of Activities

- 1970**
- Initial meetings between Philippine business leaders
 - Corporate social responsibility workshops held
 - Discussions focused on funding the organization
 - Visit by Venezuelan foundation "Dividendo Voluntario para la Comunidad"
 - Presentation of Dividendo's experience to Philippine business leaders
 - PBSP founded and registered with the Philippine Securities and Exchange Commission
- 1971 (May)**
- PBSP registered with the National Science and Technology Authority as a foundation of a scientific and developmental nature
- 1971 (April)**
- PBSP opens its doors

Who Founded PBSP?

During 1970, top businessmen from three business associations—the Council for Economic Development, the Philippine Business Council, and the Association for Social Action (ASA)—came together to discuss a new agenda for business in the face of a worsening social situation. Business leaders involved in these meetings became the founders of PBSP. Founders saw their motivation as self-interest as well as an expression of genuine concern. In the words of one of PBSP's founders, Sixto "Ting" Roxas, III, of the Economic Development Foundation (EDF):

To the extent that the businessman's economic activities generate an imbalance in society and create social tensions, he must undertake social development programs which respond to these social problems.⁶

Other founders, including Catholic businessmen Howard Dee and Armando Baltazar, believed business had a responsibility to become more involved in social

development. This tendency was part of a trend in the Philippines, started in the 1950's, where the Catholic Church encouraged its followers to struggle for justice for the poor. Several businessmen joined forces with the Church hierarchy toward that end. Dee and Baltazar were part of that tradition.

Other founding members of PBSP included:

- Jose M. Soriano, Chairman and President of Atlas Consolidated Mining and Development Corporation
- Andres Soriano, Jr., CEO of the San Miguel Corporation
- Don Emilio Abello, Manila Electric Company (MERALCO), an utility company
- Washington SyCip, SGV, an accounting firm
- Howard Dee, The United Laboratories, a pharmaceutical firm
- Luzio Mazzei, Shell Corporation Philippines
- Bienvenido Tan Jr., Philippine Tobacco and Modern Glass

Like the differing motivations of the various founders, their conceptions of social development also varied. Founder Tan recalls,

The movement was spearheaded by people who had mixed visions about what they wanted to do...they wanted to put together a group under this idea of 'helping people who need help to help themselves' without really knowing what implementation of this concept meant ...⁷

To clarify the foundation's mission, Howard Dee contacted Washington SyCip to get help in preparing a concept paper on a mechanism that would respond to the desires of the businesspeople involved. SyCip suggested the group form a social venture capital company that could invest in small-scale social development projects to help them become more sustainable.

The main actors who founded PBSP were all from the business community. In describing the role and importance of the founders, former PBSP Executive Director Ernesto D. Garilao writes from his paper entitled PBSP - Can it be Replicated?:

Since PBSP's establishment in 1970, about half of its 50 founding member companies have remained members of the Foundation. Similarly, the executive officers—the original founders and their CEO successors have continued to actively serve, all on a voluntary basis, on the Foundation's Board of Trustees or other committees created by the Board. The active involvement of the member companies... and the value given to their inputs has created a new sense of enthusiasm and support for the Foundation. Their sustained financial support and the involvement, together with the continuing guidance of founding members, have been obvious manifestations of commitment to PBSP.⁸

Some of the key contributions of the Founding Group to the development of PBSP were:

- Drafting—with the help of a US consulting and accounting firm—a concept paper on the specific structure the foundation would adopt

- Organizing a series of corporate social responsibility seminars that touched on the issue of funding the new organization
- Arranging an exchange visit between Philippine business leaders involved in the creation of PBSP and a Venezuelan foundation (Dividendo Voluntario para la Comunidad)
- Drafting PBSP's vision and mission
- Organizing the professional staff, agenda and programs of the new foundation

The Involvement of the Economic Development Foundation

Often one institution will provide the impetus to begin an independent grantmaking foundation. This was the case when the EDF took an active role in founding the Philippine Business for Social Progress, although the two remained distinct separate entities. The EDF, under Sixto Roxas' direction, was given the task of organizing a professional staff. In the initial stages, EDF seconded some of its staff to PBSP.

Roxas also drafted the original statements of vision and mission, which were then adopted by a Steering Committee composed of a core group of founding members. Within one year, PBSP had successfully put together its staff.

The Role of the Steering Committee

According to the former executive director of PBSP: "The actual work of assembling the membership, developing the social development approach, setting the agenda and programs, and recruiting the professional staff were in the hands of a steering committee: Jose Soriano, Washington SyCip, Sixto Roxas III and Howard Dee."⁹ PBSP's business founders, steering committee and first staff members were responsible for working out the basic concept for PBSP.

Adapting a Success Story to a Local Context: The Role of the Dividendo Voluntario para la Comunidad

Jose Soriano was elected PBSP's first chairman. Following its founding in December 1970, PBSP hosted a series of corporate social responsibility seminars where the issue of funding and sustaining the new organization was raised. Luzzio Mazzei, a Venezuelan, and President of Shell Philippines at that time, introduced an idea that had been attempted in Venezuela by Dividendo Voluntario Para la Comunidad, which was started by Venezuelan industrialists in 1963. Dividendo members contributed one percent of their before-tax income for the organization's operations. Mazzei arranged for a group of Philippine business leaders to visit Venezuela and the Executive Director of Dividendo was invited to Manila to share information.

The organization proposed by the Philippine business leaders was called Philippine Business for Social Progress. From the example provided by Dividendo, PBSP's founders took the concept that member companies should pledge one percent of

their net income before taxes for social development work: 60 percent would be given to the Foundation and the rest would be retained by the corporation for its social development activities. PBSP, unlike Dividendo, would also implement its own programs.

With the tremendous commitment of PBSP's founders, membership increased from 50 to 137 corporations in the first year alone. PBSP currently has over 170 members.

Example 3

A Coalition for the Environment

Foundation for the Philippine Environment (FPE)

Who Founded FPE?

FPE was formally established in 1992 by a collaborative effort of the United States and Philippine Governments; coalitions of nonprofit organizations in the Philippines; the Philippine Development Forum (PDF), a Washington-based lobbying group; the World Wildlife Fund (WWF) and the Philippine Business for Social Progress to confront the issue of environmental degradation. The Foundation was endowed through an innovative debt swap mechanism that created an endowment for conservation activities.

FPE was the product of many years' experience in the area of debt-for-nature-swap-financed environmental programs, including a \$2 million swap in 1988 between the Department of Environment and Natural Resources in the Philippines, the Haribon Foundation and the World Wildlife Fund. Evaluation of the program led actors to recognize the need for a sustainable funding base for Philippine natural resource protection.

The founding group for FPE included:

Individuals:¹⁰

Corazón "Dinky" Soliman, considered one of the original community organizers in the Philippines, had two decades of experience in grassroots organizing and community development. She had previously served as coordinator and board member for two organizations concerned with agrarian reform.

Sixto "Ting" Roxas III, an economist and a teacher, as well as a business leader in the area of corporate social responsibility. He is considered a conceptualizer of the PBSP. A former president of the Asian Institute of Management, he combined management skills from many years in the private sector with knowledge and experience in community work.

Eugenio "Eugene" Gonzales, a well-known NGO activist who helped create the Caucus of Development (CODE-NGO), a coalition of NGO networks with over 3,000 member organizations. Maximo "Junie" Kalaw, pioneer of the Philippine environmental movement and founding member and president of the first NGO involved in environmental activities - the Haribon Foundation.

Collaborating Organizations:

United States Agency for International Development (USAID), which provided initial funding for the establishment of FPE through a cooperative agreement with the WWF.

The Government of the Philippines, particularly the Department of Environment and Natural Resources (DENR). The FPE was a component of the Natural Resources Management Program initiated and implemented by the DENR.

WWF, the largest private environmental organization in the USA which was engaged as a key actor in the establishment of FPE due to its experience in the first Philippine Debt for Nature Swap Program (1988), and its long history of conservation efforts in the Philippines.

PBSP, as the local NGO commissioned by WWF to be its partner in the establishment of FPE, primarily because of its 23 years of experience in foundation management, project and program management and grants administration. The PBSP is essentially known as a social development organization and not an environmental NGO, though its programs include environmental and sustainable development concerns as integral dimensions.¹¹

The Role of Philippine Non-governmental Organizations

There were many Philippine NGOs involved in the creation of FPE, including representatives from some of the largest environment and development NGO networks and coalitions. The effort dates back to November 1989, when a group of ten Filipino NGO representatives participated in an "environment train" traveling from San Francisco to Washington, DC. The group was funded by the Ford Foundation and Gateway Pacific. After the tour, the group was invited to be the non-governmental counterpart in an official mission headed by President Corazón Aquino to seek development assistance from the US government and to comment on the Philippine Assistance Plan.

In Washington, they met with the PDF, a US-based organization working on human rights and the issue of US military bases in the Philippines that was lobbying the US Congress for increased foreign aid to the Philippines. PDF agreed to work with them as an overseas arm of a Filipino campaign advocating to increase overseas development assistance, especially on environmental issues.

When the Filipinos returned home, they started Green Forum Philippines, an umbrella organization for environmental NGOs. Green Forum was to be the link to PDF in Washington. Maximo Kalaw, a participant in the environment train, asked contacts in Washington to ensure that US development assistance for that year would be allocated for use by NGOs in the Philippines working in environmental protection.

Some of the contributions of Philippine NGOs to the founding of FPE were:

- Lobbying the US Congress for increased development assistance to the Philippines, including assistance for environmental issues
- Creation of an umbrella organization of environmental NGOs in the Philippines, focused on advocacy issues

The Role of the Philippine Government

The Philippines' government participated in two key ways:

- Supporting the creation of FPE
- Facilitating the funding of FPE through a debt swap mechanism that created an endowment for conservation activities

This participation grew out of the government's response to environmental issues. Its Philippine Strategy for Sustainable Development recognized a fundamental link between economic development and environmental protection. The strategy argued that poverty promotes misuse of the environment and, therefore, economic growth is a key element in stopping environmental degradation. In addition, environmental protection is vital to sustaining the benefits of economic growth.

In the creation of FPE, the Philippine government saw a way to avert the discontinuity of public sector environmental programs, while providing at the same time a funding mechanism to support NGO activities in environmental conservation. The Secretary of the DENR sat as one of nine members of FPE's Interim Board. FPE would be endowed through a debt-swap mechanism, with the Philippine government having the right to monitor its progress. The government, together with USAID, had to approve the assignment of endowment funds to FPE, as well as any potential dissolution of the endowment.

The Role of the US Government

The US government's main contributions to the founding of FPE were political and financial support. It was a key actor through USAID and became involved in the context of two significant circumstances:

- The change in the Philippine political climate in 1986, when the People's Power Revolution ousted the regime of Ferdinand Marcos and inaugurated a democratic regime under President Corazón Aquino. This increased US interest in the Philippines.
- The convening of the United Nations Conference on Environment and Development in 1992, which highlighted environmental issues in the agenda of donors, inter-governmental bodies and NGOs.²

As former USAID official Delbert McCluskey explained: "USAID perceived the political context as being very appropriate, [that is] 'ripe' for an NGO organization like the FPE. Establishing the FPE was taking advantage of the tremendous growth in NGOs and interest in the environment."¹³

In 1988, at the pledging session of the Multilateral Aid Initiative for the Philippine Assistance Program in Tokyo,¹⁴ the US government proposed a funding initiative which later became the Natural Resources Management Program (NRMP). In 1990, the US Congress signed into law the Foreign Assistance Act, under which the NRMP emerged as a focus of USAID. In September 1990, an agreement was signed formalizing the commitment of the US government to support the Philippines NRMP with a contribution of US\$125 million. Of this amount, US\$25 million was earmarked for a Resources Protection Component that would support

local activities in the management and protection of renewable natural resources in the Philippines. From this amount, the agreement committed US\$6.3 million to establishing the FPE.

USAID saw the creation of FPE as an opportunity to pioneer a new area in development aid that incorporated NGO participation and substantial support for the environment. It also aimed to position itself as a strategic donor in the country, as well as a supporter of President Corazón Aquino's new democracy. Delfin Ganapin, Undersecretary of the DENR, said:

[The US government officials] want to show that they are supportive of the new overnment...and USAID wants to be seen as an organization that pushes the democratic ideals and processes along...the US also wants to be one of the major players in the environment...¹⁵

References

- ¹ Bouret, Roberto. *The Puerto Rico Community Foundation. A Brief History: Origins and Early Development 1983-1988*. 1994.
- ² Arteta, Maria del C. and William Lockwood-Benet. *The Puerto Rico Community Foundation. A Case Study*. New York: The Synergos Institute, 1997.
- ³ *Ibid.*
- ⁴ *Ibid.*
- ⁵ *Ibid.*
- ⁶ Tan, Victor E. and Maurino P. Bolante. *Philippine Business for Social Progress. A Case Study*. New York: The Synergos Institute, 1997.
- ⁷ *Ibid.*
- ⁸ Garilao, Ernesto D. "Philippine Business for Social Progress: Can it be replicated?" Paper presented during the Conference on International Philanthropy in the 1990's at City University of New York, Center for the Study of Philanthropy, 1991.
- ⁹ *Ibid.*
- ¹⁰ Del Rosario, Teresita C. *Foundation for the Philippine Environment. A Case Study*. New York: The Synergos Institute, 1997.
- ¹¹ Salazar, Gil T. *Towards a Rational Funds Allocation Strategy: The Foundation for the Philippine Environment (FPE)*. A Management Research Report. 1994.
- ¹² Quizon, Antonio B. and Maria Teresa Linghan-Debuque. *The Creation of the Foundation for the Philippine Environment: A Case Study of Cooperation Between the US Agency for International Development and FPE*. New York: The Synergos Institute, 1999.
- ¹³ *Ibid.*
- ¹⁴ This initiative was designed by the US government and other donors to support the Aquino government in its road to recovery and stability.
- ¹⁵ *Ibid.*