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## ENVIRONMENTAL FOUNDATIONS: Funding Community Innovations in Biodiversity Conservation

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**Overview.** *Environmental foundations managing relatively large funds for environmental projects are providing access to international funds for local NGOs. These foundations, considered as National Environmental Fund holders or NEFs are able to act as conduit for international funds to be distributed to local, particularly, community based NGOs or people's organizations (POs). The Foundation for the Philippine Environment or FPE is one of seven NEFs in the Asia-Pacific Region.*

*The Establishment of FPE was an initiative of the Philippine and U.S. NGOs with the support of the governments of the two countries. In 1990, a Memorandum of Agreement between the Philippines and U.S. governments established the Natural Resources Management Program to support NGO activities for the purpose of creating an endowed, private, non-profit foundation for the environment. In April 1991, USAID and WWF/US signed a cooperative agreement to complete the first of two debt-for-nature swaps amounting to USD 5 million, planned for a total of USD 25 million.*

*In January 1992, FPE was officially registered with the Securities and Exchange Commission. In March 1993, a Memorandum of Understanding was concluded among the governments of the Philippines (represented by the Department of Finance) and the U.S. (represented by USAID/Manila) and FPE for the establishment of the endowment. In September 1993, the second debt-for-nature swap was concluded for USD 13 million. A subsequent debt-for-nature swap financed by the Bank of Tokyo cost USD 104 thousand.*

*Under its agreement with USAID, FPE's endowment fund was initially managed by WWF/US. In June 1994, the endowment fund was formally transferred to FPE's management, making FPE an independent institution. Actively funding on-the-ground biodiversity conservation programs in the Philippines.*

*The endowment that FPE manages was initially valued at almost USD 22 million converted immediately into Philippine Pesos at almost 570 million. FPE vision is of 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 resources, especially, financial, 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*

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*of 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 grant-making and other alternative financing mechanisms.*

*As grant-maker, FPE has disbursed a total of USD6,47 million from 1992 to 1997 while allocating USD 8.15 million for the same period. This has provided long-term support for sites chosen for their biodiversity and community involvement in environmental activities. It has financed 6 complimentary proactive programs that provide fundamental NGO support services to communities. There have been 42 NGOs and POs implementing biodiversity conservation and sustainable development projects in 41 sites. There have been 9 NGOs implementing 6 proactive programs. There have been 274 NGOs and POs who received action grants for short-term environmental activities from 1993 to 1997.*

*Grant allocation is dependent on the interest earned by the endowment every year. Earnings averaged 9.3% per annum: 6.4% in 1993, 11.3% in 1994, 8.6% in 1995, 9.6% in 1996 and 10.6% in 1997 (despite the Asian economic crisis). This is due to the guidance given by FPE's Board of Trustees to the four private fund managers composed of three local banks/investment divisions and one overseas fund manager.*

*FPE has also generated additional funds from various international donors like the John D. and Catherine T. MacArthur Foundation, World Resources Institute, UNDP, Ford Foundation, World Bank, USAID, Keidaren Nature Conservation Fund (KNFC). Local companies, banks and corporate foundations have also contributed donations in cash and in kind to FPE's environmental projects.*

*The joint project of FPE and KNFC is an example of the infusion of international funds to community-based projects where the NGO/PO partners would not have been able to access KNFC without FPE's intervention and counterpart. There are two sites: Zambales and Bohol. The Zambales site is located near Mt. Pinatubo in central Luzon, the main island. The local partner is the Aeta people's organization, LAKAS. It has formulated a development plan for their resettlement site in Botolan, Zambales. KNFC has supported a general resource inventory, formulation and initial implementation of a forest rehabilitation/reforestation program with agro-forestry, planning for a water system, establishment of a renewable energy source, and documentation of their project activities, through video.*

*On the other hand, FPE counterpart consisted of project development, needs analysis, networking with government offices and the purchase of equipment such as solar panels.*

*The Bohol site is located in Maribojoc, Bohol, an island in Central Philippines. The local partner is the NGO, BIDEF, but the future PO partner is ALIMANGO. A baseline survey is being completed to determine the richness of the biodiversity in the beginning of the project so that the objective of the conservation and sustainable development of natural resources, especially the nipa-mangroves, can be easily monitored.*

*KNFC has supported a resource inventory establishing the biodiversity of the nipa-mangrove ecosystem protecting the marine life habitat, (32 bird species were identified with 10 migratory birds; 19 shellfish species were found with 6 bivalve and 13 gastropod species under 13 families; seagrasses covered 10 hectares; coral reefs extends 4 hectares, stretching 250 meters wide; 61 fish species in 13 families were fished composed of snappers, scads, jacks, rabbitfishes, tunas and mackerels), establishment of a community*

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*based organization, and a feasibility study for an environment-friendly livelihood support project using nipa and other mangrove species.*

*FPE counterpart consisted of a bigger portion of the comprehensive resource inventory that situates the Maribojoc ecosystem with other coastal and watershed ecosystems; needs analysis; networking with government offices; and stakeholders' consultations.*

## **1. Introduction**

Since the signing of the Convention on Biological Diversity in Rio in 1992, international commitments for environmental projects have amounted to something like one billion US dollars a year. With the magnitude of the environmental problems facing the majority of countries in the developing world, however, there is a need to make every dollar count.

Most national governments are implementing conservation programs for their respective countries, usually with severely limited resources. Such programs necessarily leave large gaps, specially with regard to education, capability-building, community organisation and other aspects of conservation necessary for sustainability of environmental projects. To a limited degree, non-government organisations (NGOs) have stepped into the breach left by government programs. Since they are mostly based in the communities they serve, these NGOs have the best grasp of the specific problems that need to be addressed, and the ability to mobilise local resources for conservation efforts.

But for the most part, these NGOs are operating under even more severe constraints than their counterparts in government. Many have very limited access to funding, in spite of their having effective programs. Thus, these programs are often short-lived. For this reason, national environmental foundations (NEFs) have emerged to serve as a conduit for international funds to local NGOs. Apart from serving as a kind of broker for international funds, these NEFs are able to apply their expertise to ensure that NGO projects complement government efforts, and that the funds go to projects that meet priority needs.

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## **2. The Foundation for the Philippine Environment**

The Foundation for the Philippine Environment (FPE) is one of seven NEFs in the Asia-Pacific Region. The FPE was established upon the initiative of Philippine and US NGOs, with support from the governments of the two countries. In 1990, a Memorandum of Agreement between the Philippine and US governments established the Natural Resources Management Program under the Department of Environment and Natural Resources (DENR). Funding from the United States Agency for International Development (USAID) amounting to US\$125 million was allocated for this program. Of this amount, US\$25 million was earmarked to support NGO activities through the creation of the FPE as an endowed, private, non-profit foundation for the environment. In April 1991, USAID and World Wildlife Fund-US (WWF/US) signed a cooperative agreement to complete the first of two debt-for-nature swaps amounting to US\$ 5 million to start up the foundation.

In January 1992, FPE was officially registered with the Securities and Exchange Commission. In March 1993, a Memorandum of Understanding was concluded among the governments of the Philippines (represented by the Department of Finance) and the US (represented by USAID/Manila), and FPE for the establishment of the endowment. In September 1993, a second debt-for-nature swap amounting to US\$13 million was concluded. A subsequent debt-for-nature swap financed by the Bank of Tokyo added US\$104,000 to the endowment.

Under its agreement with USAID, FPE's endowment fund was initially managed by WWF/US. In June 1994, the endowment fund was formally transferred to FPE's full management, making FPE an independent institution actively funding on-the-ground biodiversity conservation programs in the Philippines. Under the requirements of the debt-for-nature swap, FPE's endowment, which was initially valued at US\$ 22 million was immediately converted into Philippine currency totalling almost P 570 million.

## **3. FPE's Vision and Mission**

The Foundation's vision is of 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 support biodiversity conservation and sustainable development of communities by serving as a catalyst for active, self-reliant, sustainable and innovative programs. Apart from providing resources - specially financial - for these community

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endeavours, the FPE also aims to bring together individuals and groups working for the protection, enhancement and development of the environment in cooperative ventures.

As grant-maker, FPE has disbursed a total of US\$ 6.47 million from 1992 to 1997. These funds went to 42 NGOs implementing long-term community-based resource management projects in 41 sites, nine NGOs implementing six complimentary proactive programs in support of these projects, and 274 NGOs implementing short-term environmental activities. Grant allocation is dependent on the interest earned by the endowment every year. Earnings averaged 9.3% per annum: 6.4% in 1993, 11.3% in 1994, 8.6% in 1995, 9.6% in 1996 and 10.6% in 1997 (despite the Asian economic crisis). This is due to the guidance given by FPE's Board of Trustees to the four private fund managers composed of three local banks' investment divisions and one overseas fund manager. FPE has also generated additional funds from various international donors including the John D. and Catherine T. MacArthur Foundation, World Resources Institute, United Nations Development Program, Ford Foundation, World Bank, USAID and the Keidanren Nature Conservation Fund (KNFC). Local companies, banks and corporate foundations have also contributed donations in cash and in kind to FPE's environmental projects.

#### **4. Broadening the Scope of Environmental Work**

Apart from its core activity of channelling funds for biodiversity conservation and sustainable development projects, FPE has begun to explore other dimensions of conservation work in the Philippines. More specifically, FPE has been looking at innovative ways of restoring already-degraded sites, and demonstrating the economic benefits of conservation and sustainable development. FPE has also begun to develop partnerships with other grant-making organisations in order to take advantage of mutual synergies and multiply impact.

These synergistic relationships have two distinct multiplier effects. First, they increase the available funding pool. Second, they allow the complementary expertise of different organisations to be brought together to focus on particular sites, where the challenge of biodiversity conservation is almost always multifaceted and multisectoral. Since FPE is proactive in seeking new and innovative strategies for carrying out conservation goals, it is able to identify specific community-based programs with a high potential for replication in other areas, and direct more resources to these programs. These programs may appear insignificant at first, but they can have a disproportionate impact, and can serve as a model for neighbouring

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communities. In effect, these are the programs with a high return on investment that FPE seeks to encourage and support. A better understanding of how FPE works may be gained by looking at two of its recent projects co-funded with the Keidanren Nature Conservation Fund (KNFC). The first seeks to assist an indigenous community organisation restore the biodiversity of a settlement area damaged by the eruption of Mt. Pinatubo in 1991. Since the eruption, a community of 300 families belonging to the aboriginal Aetas have been evacuated to a lowland community in Zambales province. They formed themselves into a community organisation called LAKAS, and with the help of other NGOs, were able to acquire stewardship over 48-hectares of public land. The land, however, was barren, having been devastated by the volcanic eruption. Drawing on their vast store of indigenous knowledge of their environment and the ecosystem around the Mt. Pinatubo area, the Aetas were able to rehabilitate a small portion of the land. They were convinced that they could restore the whole area to its former productivity.

But they would need help. This was where FPE came in. Since the Aetas lacked the technical capability to develop a project proposal and submit it to the appropriate funding agency, the foundation assisted them in developing the project, analysing their needs, writing the proposal and looking for suitable donors. When the KNFC responded, the project was able to go onstream. Today, five years later, the once barren forest area is now covered with vegetation, and is able to support the Aeta community. The second project is located in a mangrove area on the island of Bohol in Central Philippines, which is home to 25 species of mangroves, making it one of the most diverse mangrove areas in the country. The residents of this coastal community have been planting and harvesting Nipa plants in the mangrove swamps for generations. Nipa is a palm-like species of mangrove whose leaves are used for thatching rural dwellings in the Philippines. Fifty per cent of the community depended on Nipa for their livelihood, but since the mangroves are public land, they had no tenurial security.

The foundation encouraged them to form a community organisation, which was able to secure a stewardship agreement with the Department of Environment and Natural Resources over 105 hectares of mangrove swampland. In partnership with another local NGO, FPE was also able to assist the community organisation in preparing a project proposal for the sustainable use of the stewardship area. This included a feasibility study for the manufacture of Nipa shingles, as well as a resource inventory of the various plant and animal species native to the mangrove area. The project is now being co-financed by FPE and the KNFC.

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## 5. Lessons from the FPE Experience

These two exemplary projects underscore some of the key lessons of the FPE experience. The first is that communities generally know best: they know what their problems are, they know what their needs are, they know what needs to be done in order to solve their problems and meet their needs. They only need a little help in articulating these problems, and finding avenues for support in terms of resources and expertise, and this is where NGOs can come in. Second, small community initiatives which are often overlooked by international funding institutions and national government agencies often

have a much greater impact than is apparent at first. Innovations from one community can often be replicated in other communities; the lessons drawn from one project can illuminate future projects and inspire other communities to find solutions to their own problems. Institutions such as FPE should therefore be proactive in seeking out these communities and supporting their initiatives. The FPE experience presents a distinct alternative to the large-scale funding mechanisms that dominate biodiversity conservation financing, one that can have a significant impact on the ground. By identifying programs that work on the community level, even the relatively small amount disbursed by the FPE since 1992 - US\$ 6.47 million - has had a disproportionate impact on the environment in the Philippines. Working in partnership with international NGOs adds a significant multiplier effect.

Since constraints on funding for biodiversity conservation will continue to be a fact of life in the foreseeable future, NGOs would do well to take a closer look at their communities and seek out innovative alternatives that work.