Debt Relief and Endowment Funds

PHILIPPINE EXPERIENCE

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Lesson 1: High level political support is critical

- Importance of shared interests/vision
- Intense advocacy needed:
  - with FPE, 4–cornered support:
    Phil. NGOs     U.S. NGOs
    Phil. Govt.     U.S. Govt.

Debt Swap Stages (FPE)

- First Swap: Contribution - $5 M
  Proceeds - $9.6 M
  10% to Central Bank

- Second Swap: Contribution - $13 M
  Proceeds - $19 M
  27.58% to Central Bank

Lesson 2: Establish credibility at the outset

- Nationwide consultations held to explain the fund and help determine its specific objectives, design its structure and procedures
- Participation of the most credible leaders and “elders” from all sectors
Credibility through structure:

- Formation of Regional Consultative Councils (RCCs) and Regional Advisory Committee (RACs) – “virtual members”
- Multisectoral Board of Trustees:
  - Regional Representatives (6)
  - At-large (4 “wise men”)
  - Dept. of Finance Representative
  - International NGO Representative

Credibility through policy and practice:

- MOU provides for autonomy with “good track record” (terms specifically defined)
- Only 20% of income allowed for admin costs
- Board members and their organization cannot access funds
- Use of independent auditors

Lesson 3: NGO management for sustainability and flexibility

- As a non-government entity, the endowment fund is:
  - less susceptible to the often rapid disruptive changes in government administration
  - not limited by or tied to bureaucratic rules and can take risks, support innovations, and move fast

Lesson 4: Importance of a strategic business plan

- Clear Vision and Mission
- Baseline assessment linked to M&E of impacts
- Phasing of priority areas by RCCs, RACs and Experts Panel; constituency and capacity building in the first phase, landscape approach in second phase
- Mixed Portfolio: Action Grants, Responsive Grants, Proactive Grants
Lesson 5: Participation of experts and professionals vital
- Experts Panel for objective selection of sites, review of proposals and for monitoring and evaluation
- Participation of economists/financial experts in the Board has been useful
- Finance unit headed by one experienced in investment. Leading investment firms (at most 3) to handle investments in a competitive spirit

Lesson 6: Need to sustain, even increase value of fund
- Reinvestment of part of the income into the corpus of the endowment
- Managing risks of devaluation
- Putting equal importance to the foundation as a Catalyst for Cooperation and as a Fund Facilitator
- Continuous efforts at operational efficiency

Lesson 7: Must have attitude of analysis and learning
- Capacity building for the staff itself is critical
- Formation of a much broader Advisory Board
- Conduct of case studies on the Foundation and on its projects
- Linkages and exchanges with other trust funds

“Maraming Salamat”
THANK YOU