

The Synergos Institute

**Corporate Resources for Local  
Development in the Philippines**  
The Jaime V. Ongpin Foundation, Inc.

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## Purpose of the Study: Explorations in Endowments

### Introduction

Across Africa, Asia, and Latin America, citizen participation is a growing and vital force for social change. Through donations of time, energy, materials, and money, citizens – acting usually within the space called civil society – are reducing poverty and increasing equity in their communities. While organizations within civil society vary, locally managed organizations that successfully bridge divides between communities and resources (financial, intellectual, human, and other) are having a significant impact. These organizations are distinct from other non-governmental organizations (NGOs) because, as bridging organizations, they mobilize and facilitate the transfer of financial resources to NGOs and other more informal associations while also convening stakeholders around critical issues and building the capacity of civil society. Although the number of such bridging organizations remains small, they are nevertheless helping to support, strengthen, and sustain thousands of small and large civil society initiatives.

Consensus over the terminology for such organizations has not yet been reached, though they are often referred to as “foundations” or “community development foundations” in recognition of the role they have in common with foundations in the United States, Canada, and parts of Europe. In Southeast Asia, the term “civil society resource organization” – or CSRO – has also been used. The growing universe of such organizations in Asia is only beginning to be systematically studied.

With the support of the Sasakawa Peace Foundation, The Synergos Institute has had the opportunity to expand the field of understanding by publishing a series of three case studies that explore how foundations in Southeast Asia are working to attain financial sustainability. This case study presents the experience of the Jaime V. Ongpin Foundation, Inc. in endowment building.

## What Is an Endowment?

Simply expressed, an endowment is a collection of funds managed by an organization for the charitable purposes specified by that organization's governing body and donors. The funds are expected to remain intact either in perpetuity, for a defined period of time, or until sufficient assets have been accumulated to achieve a designated purpose. It is most often expected that the endowment's purchasing power will grow over time and that it will provide regular earned income over the lifetime of the organization.

While the concept of an endowment embodied in this description may be most familiar to foundation executives in the United States, Canada, and parts of Europe, an increasing number of civil society leaders in Africa, Asia, and Latin America are now gaining direct experience in the creation, management, and growing of endowments.

In most contexts, endowments are perceived to bring great benefits to organizations by:

[P]roviding a secure base of resources which partially alleviates the need for raising core support, reduces dependence on specific funding sources and facilitates long-term financial planning. Organizationally, an endowment can create a sense of permanence that strengthens an institution and its stakeholders, enables increased attention to achieving long-range program objectives, and fosters programmatic flexibility in working towards these goals. (Gaberman 2001, p.1)

While endowments can offer these advantages, every organization needs to consider if an endowment is an appropriate strategy for meeting its financial needs and social mission. Raising an endowment may be too expensive for some organizations and also very time-consuming. The process requires significant attention and expertise that the organization may not have on its staff and board. When granted by an external agency, an endowment may have various regulations and rules associated with it to which the receiving organization needs to adhere, some of which may be difficult to follow over time. Moreover, an endowment may not meet the income generating expectations of the organization soon enough. While an endowment may provide financial protection, sluggish markets or countries with a weak culture of philanthropy may inhibit an endowment's growth potential. Furthermore, in some contexts it may be difficult to justify to potential donors that it is wise to save for tomorrow when there is so much need today.

## Learning From the Experiences of Other Organizations

The fact that endowments present significant opportunities as well as challenges makes experiences in creating and managing them critically important to understand further. Based on primary source documents and interviews with former and current staff, this case study explores the experience of the Jaime V. Ongpin Foundation, Inc. It tries to answer why the

organization chose to create an endowment and how it was created; how the endowment is invested and managed; the challenges the organization continues to address with its endowment; and the success factors that other organizations could potentially incorporate into their fundraising strategies.

The second study analyzes similar issues based on the experience of the Indonesian Biodiversity Foundation (known by its Indonesian acronym, KEHATI), an organization originally endowed through foreign government development assistance. The third case study is on Dian Desa in Indonesia and explores that organization's earned income approach to building financial sustainability.

It is our hope that this case study will be used as a learning tool by other organizations in the Philippines and elsewhere in the world that are interested in learning more about the role of endowments in creating financial sustainability as well as specific opportunities and challenges associated with creating and growing an endowment. The Jaime V. Ongpin Foundation is an interesting case that not only highlights the challenges of endowment building but offers a perspective on early corporate social responsibility in the Philippines. Synergos gratefully acknowledges the financial support of the Sasakawa Peace Foundation, the time and input of the staff and board of the Jaime V. Ongpin Foundation, Inc., and Ernie Garilao and Gil Tuparan for researching and writing the study.

# **Corporate Resources for Local Development in the Philippines: The Jaime V. Ongpin Foundation, Inc.**

**Ernesto Garilao & Gil Tuparan**

## **Creation of the Foundation**

The Benguetcorp Foundation was established in December 1980 as the vehicle to carry out the corporate social responsibility of the Benguet Corporation (BC). At almost 100 years old, BC is the Philippines' oldest and leading natural resource company; it pioneered the mining of gold in 1903. While BC's mining operations ceased in 1997, the company has gone on to invest in water resource projects, real estate development, eco-tourism, forest management, trucking and warehousing, construction and engineering services, steel casting, and trading.

The late Jaime V. Ongpin, who was the first Filipino president of BC, established the foundation. Envisioning "the development of self-reliant communities in the countryside," he created a corporate social arm that would promote the welfare of BC employees and their dependents and the residents living near the company's mining and other operations.

The idea for the foundation sprung from the perception that the corporation needed to address the basic service requirements of residents within BC's mining camps. In the 1960s, a camp checker in the course of his daily inspections took note of the residents' problems of congestion in bunkhouses, illnesses, and decaying facilities. He relayed these to his immediate superior, the Chief of Security, who in turn reported the problems to the Vice President for Personnel.

In the 1970s, Ongpin required the mine superintendents to set aside one day a week to go around the camp, talk with the residents and check on their needs. BC's Personnel Department was soon saddled with numerous problems pertaining not only to the BC employees but also to their families. The dependents' concerns were mostly the lack of livelihood opportunities for housewives, malnutrition among children, and the high incidence of unskilled out-of-school youth.

In 1980, a boom year for the gold mining industry, Ongpin thought of establishing a group that would focus on the needs of the communities, particularly in terms of generating

livelihood opportunities. Such a group would also relieve the camp administrators of tasks not related to productivity and profitability. Out of this decision the BenguetCorp Foundation, Inc. was born. In 1987, it was renamed the Jaime V. Ongpin Foundation, Inc. after its founder. For the purposes of simplicity, the foundation will be referred to only by its current name in this paper. (See back of the paper for a profile of the foundation.)

### **Foundation Years 1981-1985**

The foundation was not born with an endowment. In fact, it was not until 1991 that the endowment was actually created. In these early years, almost all of its funding requirements were covered by its parent corporation, which provided a grant that averaged US \$80,000 (PHP 1.04 million) per year (refer to Appendix 1: Schedule of Funds Received).

During these early years, under the direction of Ongpin through the BC Vice President for Personnel, the foundation carried out socio-economic projects for the welfare of BC employees and their dependents. The foundation implemented four core programs in the corporate campsites in the provinces of Benguet and Zambales. The Community Development program focused on setting up livelihood projects for women and children; Social Services provided day care and nutrition services as well as assistance to disabled employees; Education and Training covered trade skills development, scholarship programs, and support to company-run elementary schools; and Research and Information developed information, education and communication materials, and conducted feasibility studies.

### **Foundation Years 1986-1990**

Between 1986 and 1990, concern for the financial sustainability of the foundation coupled with the desire to take advantage of the many opportunities to serve other constituencies propelled it to expand its operations and income sources. In so doing, JVOFI rapidly built its capabilities and reputation as a leading NGO in the area.

Under Ongpin's pressure, BC adopted a broader concept of corporate social responsibility despite the decline of the mining industry. Well aware of the limits of BC's mining reserves, Ongpin directed in 1985 that the corporation's Public Affairs Program be focused on community relations and guided by BC's Personnel Strategy No. 5 which called for "the transformation of company dependent mining camps into administratively autonomous, self-governing communities." The strategy also required that BC should "promote viable economic alternatives for those who may wish to remain in these communities after cessation of mining operations."

Ongpin's directive translated to the expansion of JVOFI operations to areas neighboring the BC mine sites in Benguet, Zambales, Camarines Sur, and other provinces. For its old and new constituencies, JVOFI worked with organized groups and intensified its prototype

development, especially for group-based income-generating projects. The foundation, in coordination with the corporation, provided direct services and technical and financial support through four major programs then in existence: Livelihood Development, Social Development, Institutional Development, and Support Facilities.

At the same time, JVOFI's clients were growing increasingly diverse. The original clients were BC employees and their dependents. Then there were the people in the adjacent non-mining communities, for which JVOFI implemented development projects financed by BC, the US Agency for International Development (USAID), and other fund sources. In 1991, JVOFI became a principal player in the relief and rehabilitation efforts following the July 1990 earthquake and the June 1991 Mt. Pinatubo eruption that devastated Northern and Central Luzon. The interventions were undertaken in cooperation with various donor institutions, local and foreign NGOs, private firms, and government agencies. This expansion in the beneficiaries of the foundation somehow strained BC-JVOFI relations. BC area managers and community development coordinators increasingly complained about what they saw as a shift in attention and decreased participation in BC areas.

During this period, JVOFI operations were supported by BC at an average of US \$160,000 (PHP 3.59 million) per year. In 1985, however, with the price of gold falling to only US \$285 per ounce, the foundation's board expressed its concern about the need to generate the foundation's own income other than the annual grant coming from its principal. Training programs for outside entities and non-mining companies were initially identified as possible sources of funding.

In 1986, Ongpin resigned as president of BC to join the Cabinet of President Corazon Aquino as Minister of Finance. Delfin Lazaro succeeded him and served as BC President until 1991. Lazaro subsequently retired from BC to join the Cabinet of President Fidel Ramos as Secretary of Energy and was succeeded by Dennis Belmonte. Belmonte retired in 1997 from that post and is currently the Chairman of JVOFI.

According to available records, concern about the need to diversify fund sources to ensure the financial sustainability of the foundation was officially brought up again in the Third Annual BC-JVOFI Operations Review held in August 1988. Then JVOFI President Narcisa Escaler presented the foundation's plan to raise its own funds since most of its money was "restricted" to programs and areas specified in the partnership agreements with donor institutions. In response, two major decisions were made. First, Lazaro approved the foundation charging management fees for the implementation of BC projects. The income earned here was to be a major source of funds for JVOFI in succeeding years. Second, Lazaro directed the submission of a proposal to the parent company whereby US \$190,000 (PHP 4 million) would be donated annually by BC to the foundation for its endowment over a period of 10 years. Nothing came out of this directive, however, until 1991.

The board took up the matter again in its meeting of November 1988 where it was suggested that the foundation develop its expertise in generating its own funds since it still had no corpus fund. A proposal was accepted to have JVOFI act as a conduit of external funds, mainly from donor agencies and government institutions, and that the foundation

*While corporate resources seeded the beginnings of the foundation, an expanding group of beneficiaries and desire for greater financial independence from the corporation prompted the establishment of JVOFI's endowment.*

charge a 30 percent fee against the total cost of projects it was to manage (this was the ceiling rate allowed for overhead for foundations registered with the Department of Science and Technology).

It was further pointed out that aside from funds from Benguet Corporation for administrative and operating expenses, no other direct funds intended for JVOFI operations would be available after the current funds were expended. Upon this recommendation, the board resolved that “an endowment fund be established for the Jaime V. Ongpin Foundation, Inc. to sustain its operations even after the current funds and grants [are] exhausted.” The source of funds, however, was not immediately identified then.

At the same time, JVOFI began to access co-financing from donor agencies for new projects. Its application for accreditation with USAID was approved in 1985 and its first USAID-assisted project, the US \$340,000 (PHP 7.01 million) Benguet Community Development Program, initiated in 1986. Meanwhile, a US \$2.19 million (PHP 45 million) Collaboration Project with the Philippine Department of Health was launched in 1987. These two projects required that funds be expended mostly for communities outside the BC camps.

Towards the end of this period, the foundation redirected its services from projects to programs and promoted cooperatives and municipal and provincial federations as structures to spearhead a wider range of development in its areas of operations. It also enhanced its networking, forging partnerships and working agreements with various government agencies and non-governmental entities.

## **Creation of the Endowment**

### **Actions of Emily Pimentel**

Emily Pimentel, a Certified Public Accountant, was assigned by Delfin Lazaro to help manage JVOFI as Assistant Treasurer in 1990 and as Vice President for Planning and Development in 1991. She was appointed JVOFI President in 1992, a position she held until she retired from BC towards the close of 1996. Since 1993 and up to the present, she has been a member of the board.

When she joined the foundation, Pimentel was concurrently a ranking BC officer serving as Assistant to the President. Like Lazaro, she came from the Benguet Management Corporation, a wholly owned subsidiary created in 1980 to handle all non-mining operations of BC. Informed of the limits of BC’s mining reserves, Ongpin had pushed for diversification into other businesses, including real estate development, forest management, trucking, warehousing, agricultural production, and shipping. Pimentel was a pioneer in developing and managing these business ventures of Benguet Corporation.

Notwithstanding the JVOFI board resolution on the subject, no endowment fund had been established when Pimentel was assigned to the foundation in 1990. She had the forethought to see the limits to BC’s assistance and the clout to push for what she felt were necessary reforms in the foundation’s financial management. Among her early initiatives was the

decision to direct the management staff to set aside US \$120,000 (PHP 3.43 million) as the initial “endowment fund” of the foundation.

Pimentel had several reasons to take these steps. The corporation had earlier been placed under government sequestration<sup>1</sup> and was undergoing internal turmoil in its management and ownership. It was likewise suffering heavy losses in its mining operations. On the other hand, with funding from donor agencies, JVOFI was servicing many communities other than those covered by the mining, logging, and agricultural operations of its mother company. Pimentel thought it would be awkward and difficult to withdraw from non-BC communities, should funding from the parent corporation end. Moreover, she wanted to ensure that the vision and pro-poor orientation set by Jaime Ongpin, who passed away in 1987, would be sustained regardless of any change in BC’s leadership and ownership.

In addition, the foundation then had a complicated and unpredictable budgeting process that was dependent on what projects the different BC Vice Presidents for the campsites favored. Planning was for one year only and sometimes projects were downscaled or discontinued due to insufficient releases from BC operations.

“We wanted Benguet Corporation to shift to longer term planning and to commit a percentage of its budget to social development,” Pimentel said. But BC did not then have enough resources to agree to that. JVOFI tried several times to convince its mother company to provide an endowment fund that would help ensure the foundation’s financial sustainability. BC, however, was having its own financial problems at that time, making its annual grants to the foundation difficult. It could support only its identified programs and projects.

Creating an endowment fund was thus a strategy to ensure the continuity of projects and rationalize the foundation’s planning and budgeting. With an endowment fund, Pimentel believed that the foundation could better plan and pursue projects in accordance with the JVOFI mission and development objectives.

Meanwhile, USAID and other foreign aid agencies had poured significant funds into the Philippines in support of the Aquino administration. Pimentel was well aware of USAID’s plan to substantially reduce its levels of assistance to the country and Southeast Asia generally by the early 1990s, which would mean losing the foundation’s major source of funds. Indeed, USAID had been advising its local NGO partners to not continue to depend on it for funding support. This development added pressure to the perceived need within the foundation to establish an endowment fund.

## **Origins of the Endowment Fund**

Upon the recommendation of Pimentel and with the approval of the board, JVOFI set aside US \$120,000 (PHP 3.43 million) in 1991 as its initial endowment fund. The amount came in part from savings accumulated from the annual grants received for BC programs, realized through loan collections and raising of counterpart funds. The other sources were the savings and reflows from a collaborative project with the Philippine Department of Health

(DOH) and interest and other income on projects initiated before the endowment fund was actually realized. Pimentel then proceeded to build up the endowment fund mainly from earned income, fund surpluses from operations, and, most important, loan reflows from donor-assisted projects. These strategies are each described below.

### **Strategies for Building the Endowment Fund**

Collectively, the following three strategies have been important mechanisms in the building of JVOFI's endowment. More detailed examples of these mechanisms can be found in Appendix 2: Strategies for Building JVOFI's Endowment.

#### *(a) Using Loan Reflows*

Pimentel recognized the importance of loan reflows from previous JVOFI projects. For example, USAID projects had loan collections accruing to the fund of the foundation after a three-year period from the project's completion date. "Yes, that really interested us," Pimentel said, referring to the possible reflows from USAID and the DOH-JVOFI Collaboration Project on social and livelihood development. "This was one of the reasons why the board demanded better performance in loan collections of past and ongoing projects."

As may be noted in Appendix 3, the endowment fund substantially increased through the transfer of loan reflows from projects after completion of grant holding periods of USAID and other projects. The transfer of some of the reflows caused the endowment fund to jump from US \$220,000 (PHP 6.02 million) in 1994 to US \$520,000 (PHP 13.75 million) in 1995.

#### *(b) Generating a Fund Surplus*

For the longer term, Pimentel emphasized the need for the foundation to generate income and savings that it could save for a rainy day. The foundation earned management fees on the implementation of different BC programs, the DOH-JVOFI Collaboration Project, and others. Pimentel also pushed JVOFI to take on additional projects in order to spread its overhead costs over various income sources. Moreover, under the BC-JVOFI zero-based annual budgeting worked out by JVOFI Chair, Dennis Belmonte, it was agreed that any savings realized by the foundation should accrue to its growing endowment fund. This encouraged JVOFI to generate savings by improving efficiency in its operations and raising counterpart support from community or partner implementers.

#### *(c) Implementing New Projects with Resource Organizations*

Under Pimentel's leadership, the foundation put together and secured funding for new development projects with loan assistance components in collaboration with USAID, the Australian Agency for International Development and the Canadian International Development Agency. Of particular importance was the use of leveraging the foundation's existing funds to secure additional grants.

As part of its desire to leverage foreign donor funding using its own corpus, Pimentel worked out a technical increase in BC's annual grant to JVOFI. BC funds already earmarked for community relations and social development were consolidated and released to the foundation. These included funds for various community activities, reforestation, livelihood projects, and other activities initiated by BC operations staff. Consolidating the funds under JVOFI for social development would help coordinate and rationalize the use of the funds, she reasoned. As a result, BC released funds to JVOFI at a much higher rate than previously, averaging US \$410,000 (PHP 10.51 million) annually from 1991 to 1996. (As a result of tough economic conditions in the mining sector and in the country generally in 1997, BC officials stopped making the annual grant to the foundation at that time.)

Pimentel then leveraged the BC funds to secure a USAID grant for an Integrated Area Development Assistance Project. "It was creative packaging and financial maneuvering, actually," she disclosed. JVOFI received about US \$560,000 (PHP 16 million) from USAID under this project, of which there were reflows in the amount of approximately US \$150,000 (PHP 4.6 million). These reflows later became part of the foundation's fund.

These new co-financing partnerships were to yield more income and loan reflows that would later find their way into the endowment fund of the foundation. These allowed JVOFI to become less dependent on the mother company in terms of annual operations and long-term financial sustainability. Moreover, JVOFI's high profile networking and ties with resource organizations established its solid reputation in Northern Luzon and created linkages that were to prove beneficial in securing other projects in the coming years.

## **Managing and Using the Endowment Fund**

### **Endowment Fund vs. General Fund**

On its financial books, JVOFI has a Total Fund Balance that is broken down into a Restricted Fund and a General Fund. The Restricted Fund represents amounts received by the foundation for purposes specified by its partnership agreements with granters and donor institutions. The General Fund represents amounts already under the full control of the foundation.

Under the General Fund, which is free from the claims and restrictions of donors, certain amounts have been identified as constituting JVOFI's endowment fund. Set aside and accumulated to ensure financial sustainability, these amounts are usually those general funds deemed not needed for the immediate future. The residual balance constitutes Other General Funds.

The breakdown of the General Fund is shown in Appendix 4. Although the foundation has had no clear-cut policies or guidelines on how the endowment fund should be built, there have been some general rules adopted, as Pimentel recalled. "First, we estimated based on historical figures that we would need to earn from a corpus of at least US \$380,000 (PHP 10 million) to sustain our administrative expenses. We then transferred to the endowment fund

those reflows that we were sure were beyond the holding period of USAID. We also transferred only those funds we believed would not be needed in the near future.”

After a waiting period of about three years, loan collections are moved from the Restricted Fund to the General Fund. Depending on the results of the Finance Committee’s periodic reviews of the financial needs of the foundation and its earning capacity, loan reflows are transferred to the endowment fund.

### **Use of the Endowment Fund**

The endowment fund has been used mainly to cover the general and administrative expenses of the foundation. Pimentel observed that the endowment fund was particularly useful in 1997 and 1998 after the Benguet Corporation stopped providing its annual grant to the foundation. Total Funds Received plummeted from approximately US \$930,000 (PHP 24.31 million) in 1996 to a little under US \$100,000 (PHP 2.85 million) in 1997 to just over US \$40,000 (PHP 1.64 million) in 1999. In 1997, JVOFI lost its 30 percent management fee on BC programs and had fewer projects against which it could charge its overhead. The availability of the endowment fund cushioned the dislocation that could have happened with the decision of BC’s new leadership to stop its financial support to the foundation.

The endowment was likewise tapped for expenses incurred in 1997-1999 to develop, market, and deliver JVOFI’s services in micro finance, training, and consultancy. These services continue to be groomed to become major income earners for the foundation.

The endowment fund is now tapped largely to maintain a core staff that the foundation can leverage to obtain other funds accessed from donors. The personnel expenses charged against the endowment often serve as the JVOFI counterpart in the projects it manages.

### **Composition of the Endowment Fund**

Appendix 5 presents the types of assets that comprise the endowment fund. In its first five years and under Pimentels’ leadership, the endowment was invested primarily in money market placements and a condominium unit in Metro Manila. After she left BC and resigned as JVOFI President in 1996, the board decided to buy golf club shares and invest in marketable securities upon the recommendation of the JVOFI Treasurer (though the bulk of the endowment fund has remained in banks as money market placements or trust accounts). At that time, the Philippines was being hailed as “Asia’s New Tiger” and the economy was purring at a growth rate of 7.1 percent. Unfortunately, the Asian financial crisis struck in mid-1997 resulting in a marked decline not only in the yields in interest income but also in the value of the investments. The turbulent political climate under the successor government of Estrada did not help either. Thus, in 2001, the securities and shares were valued at less than 50 percent of their purchase price in 1997.

## Management of the Endowment Fund

When Pimentel was appointed president of the foundation, she was given wide latitude to reshape and redirect JVOFI. “Our Chairman had his hands full running Benguet Corporation. It was, therefore, up to management to present proposals for consideration,” Pimentel recalled. “The trustees fully supported such proposals. Thus, it was not that difficult for us to set aside funds and build up the endowment fund.”

Ma. Rosario Lopez, current JVOFI Executive Director, agreed. “In fact, the creation and management of the endowment fund was generally left to our president, Emily Pimentel. The board used to monitor only the consolidated General Fund, leaving most of the financial details to the Finance Committee. When money became tight, however, the board as a whole began to require reports and updates on the status of the endowment fund and the overall financial sustainability of the foundation.”

When the endowment fund dipped to US \$530,000 (PHP 12 million) in 2000, the board instructed the management staff to ensure that the endowment fund not drop any further. The foundation as a whole has rallied to preserve its corpus.

In 2000, in view of the mergers, acquisitions, and closures happening in the banking industry, JVOFI’s board issued a list of accredited banks that the foundation should deal with. These banks offered lower returns but were chosen because their stability provided security for JVOFI investments. The executive director and management staff are guided by this list in their day-to-day management of the foundation’s bank accounts.

## Status of JVOFI Corpus

Through the transfer of loan reflows and savings from operations and interest income, the JVOFI endowment fund quickly increased, reaching a peak of US \$650,000 (PHP 17.16 million) in 1997 (see Appendix 6). A combination of factors, however, caused the fund to shrink annually to only US \$530,000 (PHP 12.12 million) by 2000. These factors included a decrease in the number of projects against which overhead expenses could be charged as well as lower yields in bank investments brought about by the Asian economic crisis.

In 1997, with the closure of the Dizon Copper Mines and the cessation of its Masinloc Chromite Operations, BC stopped providing its annual grant to the foundation. The following year, USAID, JVOFI’s major resource partner for more than a decade, released the last of its remittances with the conclusion of the Integrated Area Development Assistance Program.

Based on the instructions of the board, the foundation thus implemented a number of measures to arrest the decline of its endowment fund. These included a retrenchment of personnel in 1998 and the promotion of new income-generating services in micro finance, training, research, and consultancy.

Despite low yields in bank investments (interest rates hovered at only 5 percent per annum), the endowment improved modestly to reach US \$540,000 (PHP 12.96 million) in

2001. The growth, however, came from the transfer of loan reflows previously under Other General Funds to the Endowment Fund. Meanwhile, the total General Fund increased by 10 percent from US \$780,000 (PHP 23.12 million) in 2000 to US \$850,000 (PHP 28.70 million) in 2001. Again this was due to the reclassification of loan collections, this time from Restricted to Other General Funds.

More recently, JVOFI stepped up its fund sourcing and generated a total of US \$630,000 (PHP 3.21 million) in grants in 2001. This was more than double the US \$250,000 (PHP 1.11 million) raised in the previous year. Expenses, however, continued to outstrip support and revenues such that the Total Fund Balance decreased for the fifth consecutive year (see Appendix 6). Apparently as a result of the aggressive fund sourcing and reduction in expenses, however, the decline was reduced from 9 percent in 1999-2000 to only 2 percent in 2000-2001.

In light of these developments, the foundation came up with a new strategic plan for 1999-2003. While the same vision and mission statements were adopted, the four core programs became Enterprise Development, Ecological Enhancement, Internal Capacity Building, and Resource Generation and Management.

Under its strategic plan in place since 1999, JVOFI operations have been focused on Baguio City. The foundation has been leveraging its expertise and experience in developing and managing projects involving micro finance, watershed development, and solid waste management, among others. More recently, the foundation intensified its training, research, and consultancy engagements, including a few in the Northern Luzon provinces of Ilocos Norte and La Union.

## **Challenges in Building and Managing the Endowment**

### **Preserving the Corpus**

“At this point, it is unlikely that we could enlarge the endowment fund. The challenge is how to manage what we have, how to preserve our corpus. To do that, our strategy is to break even using our earnings to fund our administrative costs. Until things get better, we are in a cost-recovery mode.”

This is how Maribel Ongpin summed up the foundation’s sustainability strategy while grant funds are scarce and the Philippine economy is sluggish. Maribel Ongpin, the widow of Jaime Ongpin, was appointed President of the foundation in April 2002. She has been an active and vocal member of the Board of Trustees ever since she joined in 1988.

Emily Pimentel elaborated that, “Our objective on a year to year basis when we approve the budget is just to try to break even in terms of administrative costs. That is, our administrative costs should be equal to our expected earnings for the year. If we make more, well and good as that would add to our endowment fund. Unfortunately, we are not yet there; we are hitting maybe only 60 to 70 percent cost recovery. Hence, our resource mobilization efforts do not translate yet to a fund surplus.”

“Protecting the corpus also means getting contracts that would allow our qualified staff to pay for itself,” Pimentel added. “It would be a waste to lose them because these are the same people we will need when the projects come in. That is why we have to do cost-recovery in the meantime.”

According to Executive Director Lopez, another strategy they have adopted to conserve JVOFI’s funds is to maximize counterpart arrangements with communities, local government units, and partner implementers. As was done in the more recent solid waste and reforestation projects, resources are pooled by the foundation to come up with the amount necessary to access an identified grant. Alternatively, the foundation may determine the total budget requirements and then approach several donors to collect the required amount.

In addition, training, research, and consultancy services are delivered, even for small engagements, to help cover general and administrative expenses. Maribel Ongpin said, “When funding dried up, as it had in the past few years, we started pulling our bootstraps. We have been doing work like facilitation, trainings, and seminars. We also take in work from other NGOs or government agencies. We try to make these projects contribute a little to our overhead.”

### **Managing Income Opportunities**

In building up the corpus, Pimentel readily saw the importance of loan reflows as a major source of growth in the endowment. “But our bad debt figure was so high; our rate of loan collections was awful. I found out that not enough efforts were going to collections. What a waste of resources!” she recounted. The Finance Committee, composed then of Salvador Pabalan as Chairman, Cora de la Paz, and Pimentel, therefore introduced a number of reforms to improve the monitoring and recovery of loan funds.

At the same time, the foundation has endeavored to do well in the execution of its partnerships with resource organizations. Maribel Ongpin explained, “We try to instill a culture of responsibility and service. Likewise, financial accountability is an institutional value. For example, the grants we got from USAID were pretty big at that time. And we were able to deliver the objectives and discharge the responsibility, including the financial accounting. Knowing how difficult and exacting USAID could be, we could not have gotten five major grants from them over 12 years if we had not managed the projects well.”

### **Diversifying Competencies**

“We have a history of adapting to our environment to ensure our relevance to our partners and communities,” Lopez pointed out. “We have been reinventing ourselves, adjusting our roles, strategies, and programs in accordance with the needs and opportunities of the times. We have shifted from being a direct implementer and service deliverer to being an enabler and mobilizer. To adjust and adapt, we underwent a reengineering in 1995 and a restructuring in 1999.”

She emphasized, “To ensure our sustainability, we have to continue to be creative, innovative and relevant. To do that, we must be attuned and up-to-date with what is happening externally in the social development scene. Networking and linkaging are very important. We have to establish and maintain good working relationships with other actors in the development sector – NGOs, POs, donor institutions, and government agencies – particularly in Baguio City, Benguet province, and Northern Luzon. We have to be aware of what they need. If that is consistent with our mission and goals, then maybe we can put together something.”

*“To ensure our sustainability, we have to continue to be creative, innovative and relevant. To do that, we must be attuned and up-to-date with what is happening externally in the social development scene. Networking and linkaging are very important.”*

### **Looking for Co-financing Partners**

Maribel Ongpin explained, “Our donors have helped in more ways than one. In a sense, they were also the sources of our endowment fund. That is why we ensure that they are happy with our performance. We always look at our relationships with them on a long-term basis.”

“Part of our sustainability strategy was to look for partners who could give us funds that later on we could add to our endowment. That used to be mainly USAID for us. Unfortunately, they decided to focus on democratization, governance, and other issues in the political scene.”

“CIDA [Canadian International Development Agency] and UNDP [United Nations Development Programme] came in with small grants that were very useful during the crunch time in the late 1990s. After USAID left the picture, we concentrated more on these smaller funds. We were able to revive our partnership with AusAID first established during the relief and rehabilitation efforts for the Aetas (indigenous peoples) affected by Mt. Pinatubo’s eruption. The Japanese Embassy recently gave us a largish grant for a garbage-recycling project in Baguio City.”

“We maintain our good relations with these donor partners. Our next step will be maybe to acquaint ourselves with European funding institutions which have access to European Union funds. Maybe we can start with Spanish grants. We want to find out what their interests are and see if our programs could fit.”

## **Success and Limiting Factors**

### **Good Track Record**

“I would say our success in getting projects and grants essentially comes from our track record. We really don’t have to sell ourselves,” Maribel Ongpin asserted. “We have established our track record; people know that we have the experience and expertise in our areas of concentration,” she clarified. “And we have highly committed and dedicated staff who do good work and come up with creative ideas. These are strengths that attract our clients and donor partners. Our networking merely facilitates the linking of interests and resources.”

## Active Board

Lopez observed that the Board of Trustees now more actively participates in the affairs of the foundation. “Before, when we had more money, the board as a whole was not too keen on getting details of financial reports and fund balances. They just relied on Emily Pimentel and others in the Finance Committee like Cora de la Paz and Salvador Pabalan. Now, they actually visit projects, they probe us on the financial performance of the foundation, they want to know not just the outputs but also the impact of what management is doing.”

“We have a good mix of people on our board,” said Maribel Ongpin. “I know many foundations fail because of their inability to manage their finances. But we had Emily who took care of that for us. Then there is Cora de la Paz who is also very perceptive when it comes to numbers. She was a big help in straightening out our problems with our micro finance program.”

She continued, “We also have people who are well-versed in management and we have experts who are very much into NGO and community work. Recently, Norberto Viera, who is the Managing Director of Texas Instruments in the Philippines, joined our board. He has been very helpful in looking for linkages and partners.”

## Aggressive Resource Mobilization

According to Pimentel, resource mobilization, which she calls “fund sourcing,” has been built into the culture of the foundation. When JVOFI still had enough personnel, it had a Fund Sourcing Group whose job was to secure co-financing partners that could provide financial and technical resources for the foundation. Later, they just had Fund Sourcing Specialists. “But fund sourcing is a responsibility of all the managers. They have to go out and look for projects and resources to sustain their operations. It is really a conscious effort on the part of the managers and on the part of the board,” Pimentel said.

## Champions

“The endowment fund would not have been created had Emily Pimentel not championed it,” Lopez pointed out. “The board wanted it but was not doing much about it. She made it happen. She translated financial sustainability into operating terms.”

“Similarly, we had our Chair, Mr. Dennis Belmonte, advocating our causes and concerns in Benguet Corporation,” said Lopez. As concurrent BC President and JVOFI Chair from 1992 to 1997, Belmonte approved the zero-based budgeting system that allowed the foundation to retain whatever savings it could generate from the implementation of BC projects. He also agreed to Pimentel’s proposals to increase BC releases to JVOFI in order to avail itself of USAID’s Enterprise and Community Development grant, which was the biggest project ever handled by the foundation.

According to Pimentel, since Maribel Ongpin joined the board she has been a leading force in moving the foundation forward effectively. “She provides the inspiration and guidance in ensuring that JVOFI would pursue the vision of her late husband for the development of self-reliant communities,” Pimentel noted. “She is the keeper of the vision and core values of the organization.”

### **BC-JVOFI Relations**

From the time that JVOFI began accessing funds from sources other than BC, the mother company and its corporate foundation have steadily drifted apart. “Today we are nominally still connected because according to our bylaws, we remain a corporate foundation of BC. Operationally, however, we have been independent, especially after 1997,” said Maribel Ongpin. “We do not want to rock the boat by changing our bylaws and formally declaring our independence. Anyway, they let us be. The new owners, which took over in 1998, have their hands full managing their debts and trying to stay afloat.”

The divergence has been both a success and a limiting factor in the creation and management of the endowment fund. On the one hand, building the corpus could have been expedited by a seed fund from Benguet Corporation. “For maybe 12 years now we have been hoping that they could give us an exit grant that they can consider an endowment. And then we could work from there and build it up,” Maribel Ongpin said. “Louie Lagdameo [former Treasurer] worked for that and Dennis Belmonte is still trying to do it.”

On the other hand, the absence of such an endowment from BC spurred JVOFI to create its own corpus from its savings and operations. Pimentel remarked, “It forced us to work harder, to develop our capacity in fund sourcing, to be creative and innovative. We have learned a lot along the way.”

### **Key Lessons Learned**

The following can be seen as key lessons learned regarding how the building and growth of an endowment can be a successful approach to building a foundation’s financial sustainability (and particularly a corporate foundation’s sustainability).

#### **Lesson: Ensure some independence from the mother company**

Pimentel observed, “Many corporate foundations that receive an endowment from their mother company exist for the interests of the corporation. In our case, we did not get an endowment and we had to depend on our operations to create a corpus. Increasingly, however, we existed for the communities we served rather than for BC. Eventually we became aligned with, but independent of, Benguet Corporation. We programmed our funds according to our mission and goals.”

“If we had not been independent, we could have gone down when our mother company was hit by hard times. I think that for a corporate foundation to survive it should have financial independence at least in the form of a corpus that can sustain the organization, no matter what happens to the corporation.”

“And if you are dependent for funds on the performance of your mother company, you have to know what is happening in the corporation itself – what are the plans and projects, how is the corporation being run, what are the major problems and critical concerns...things like that. You have to be able to predict what to expect of the company. In my case, I had the advantage of knowing what was happening in the corporate context and JVOFI could plan accordingly.”

**Lesson: Adopt a business approach to social development**

“Although we have our social development goals, we have adopted a business approach and we are very conscious of the amounts that we have to deliver to ensure that we will be able to sustain our operations,” Lopez noted. “This is particularly true in our microfinance project. We are always looking for ways to improve it so that it will not just be money going down the drain like what happened before when we wrote off some US \$495,000 (PHP 12 million) in loans.”

The microfinance project was launched in August 1996 to provide affordable credit and encourage savings among the enterprising poor of Baguio City. Capitalizing on the learnings gleaned from the foundation’s previous lending programs, however, the project incorporates full cost recovery mechanisms to preserve the JVOFI corpus and ensure that funds will be available to sustain other core programs. “Now we emphasize to the community groups that they have to pay their loans as well as the full cost to deliver the credit,” Lopez said. Out of the US \$890,000 (PHP 32.02 million) due in 1996-2000, total collection amounted to US \$870,000 (PHP 31.49 million) for a 98.3 percent repayment rate.

Lopez likewise observed a marked difference in the thinking of the board when considering funding requests and project proposals. “Before, it was easy for the board to give grants and donations or assent to dole-out projects. Now because we are all concerned not to deplete the General Fund, the board always asks for counterpart contributions. It is also very conscious now of both social and financial returns.”

**Lesson: Leverage limited resources with co-financing resource partners**

Pimentel pointed out, “We did not start with money coming out of our ears. We just had modest sums. I think the learning here is that you do not have to have hundreds of millions to pursue your vision. By creatively packaging your projects and leveraging your funds, you can actually do a lot even with a little. There are a lot of resources outside the organization that can be tapped to attain common goals.”

“That is one of our strengths, actually,” Maribel Ongpin remarked. “We go to possible donor institutions with our track record and creative ideas. To make our proposal more attractive, we then put our corpus to play by offering to cover part of the costs of the venture. On our side, however, we do not shoulder the entire counterpart. We ask the community, local government unit, and other stakeholders to co-finance the project. Thus, our limited funds go a longer way in getting development projects implemented on the ground.”

Pimentel stressed, “The key here of course is to deliver effective programs and services. You have to develop the institutional capacity, credibility, and track record. Especially now, nobody gives large chunks of money the way USAID used to do. Thus, it is important to present many options to resource organizations before, during, and after a project.”

**Lesson: Organizational sustainability should be an institutional value**

“The foundation has to be sustainable, this is what we inculcate,” Maribel Ongpin emphasized. “I see many NGOs living a hand-to-mouth existence because they do not think of the future. In our case, everyone from the board to the rank-and-file is aware of the need to ensure our sustainability.”

“For example, we have been very prudent with our funds. We were never extravagant; we have always been frugal. We promote transparency and financial accountability in our dealings with our clients and co-financing partners. We have also worked hard to build our endowment fund.”

“It goes beyond the financial. We do good work, we innovate, and we adjust to our environment. We made our mistakes but we made sure that we learned from them. Where necessary we even got resource persons to help us process the learnings and do the reforms. The concern for sustainability has also guided us in our selection of trustees and managers, in the motivation of our staff, in our conduct of strategic planning exercises, in the capacity building in training and consultancy, and in many other aspects of the foundation’s operations.”

“Because of this value, this culture, we are very enthusiastic about the future. We understand that we just have to endure the financial crunch that everybody is suffering from. But it will not always be like this; things will improve. And when they do, the foundation will be prepared to meet all the challenges and opportunities the future has to offer.”

*“It goes beyond the financial. We do good work, we innovate, and we adjust to our environment. We made our mistakes but we made sure that we learned from them.”*

# Appendix 1: Schedule of Funds Received by JVOFI 1981-2001

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Total	
In PHP '000																							
Benguet Corporation	701	332	1,224	969	1,992	2,292	2,115	3,904	3,661	6,000	5,963	11,504	5,331	12,391	12,703	15,174	-	-	-	-	-	-	86,254
Department of Health	-	-	-	-	-	-	15,000	15,000	-	15,000	-	-	-	-	-	-	-	-	-	-	-	-	45,000
Foreign Fund Sources	-	-	-	-	-	675	1,156	1,177	5,972	2,214	4,173	14,884	10,695	4,314	2,225	6,708	2,524	5,189	1,581	1,018	2,035	-	66,541
Calamity Relief Funds	-	-	-	-	-	-	-	-	-	6,260	5,388	-	-	-	-	-	-	-	-	-	-	-	11,648
Phil. Government	-	-	-	-	-	-	-	-	1,337	3,328	7,883	538	65	1,235	-	-	-	30	-	-	247	-	14,662
Other Resource Partners	-	-	-	8	25	194	176	179	342	1,236	4,547	70	118	1,026	439	2,424	324	-	61	96	930	-	12,193
<b>Total (PHP '000)</b>	<b>701</b>	<b>332</b>	<b>1,224</b>	<b>977</b>	<b>2,017</b>	<b>3,161</b>	<b>18,446</b>	<b>20,260</b>	<b>11,313</b>	<b>34,039</b>	<b>27,953</b>	<b>26,995</b>	<b>16,208</b>	<b>18,965</b>	<b>15,367</b>	<b>24,306</b>	<b>2,848</b>	<b>5,219</b>	<b>1,642</b>	<b>1,114</b>	<b>3,212</b>	<b>-</b>	<b>236,299</b>
<b>Total (US \$ '000)</b>	<b>89</b>	<b>39</b>	<b>110</b>	<b>58</b>	<b>108</b>	<b>155</b>	<b>897</b>	<b>962</b>	<b>521</b>	<b>1,404</b>	<b>1,017</b>	<b>1,058</b>	<b>598</b>	<b>718</b>	<b>598</b>	<b>927</b>	<b>97</b>	<b>128</b>	<b>42</b>	<b>25</b>	<b>63</b>	<b>-</b>	<b>9,613</b>
Average Cumulative Exchange Rate US\$ :PHP	7,900	8,539	11,113	16,699	18,607	20,386	20,569	21,066	21,703	24,242	27,479	25,513	27,120	26,417	25,714	26,216	29,471	40,893	39,089	44,194	50,993	-	-

Source: Benguet Corporation

## Appendix 2

# Strategies for Building JVOFI's Endowment

Important strategies to build the endowment fund may be traced from two key moves made in 1985 to 1987 to ensure the financial sustainability of the foundation. These were the implementation of the Philippines Department of Health-JVOFI Collaboration Project and the development of partnerships with resource organizations, particularly the long-term relationship with USAID.

### **DOH-JVOFI Collaboration Project**

Through the initiative of Ongpin, BC donated US \$2.06 million (PHP 45 million) to the government for the implementation of development projects in the provinces where BC was operating. The donated amount was held in trust by the foundation and jointly administered by BC, JVOFI, and the Department of Health, the partner government agency. Formally called the DOH-JVOFI Integrated Livelihood and Primary Health Project, the pioneering government-NGO-business sector collaboration had four components. The DOH was responsible for the Primary Health Care component, which was the biggest, while JVOFI handled the Livelihood Development, Social Development, and Institutional Development components.

The project facilitated the rapid growth of the foundation as an organization providing grants, loans, and technical assistance across different projects in Benguet, Zambales, and Camarines Sur. JVOFI acquired the experience and expertise in managing development projects in partnership with people's organizations (POs) and other NGOs. The projects included the development of potable water systems, integrated swine breeding, cattle dispersal, day care centers, scholarships, loans for cooperatives, and assistance to various schools and private volunteer organizations.

The US \$2.06 million (PHP 45 million) grant was released to JVOFI in three equal tranches in 1987, 1988, and 1990. Significantly, although the bulk of funds eventually went to the primary health care component managed by DOH, the release of the grant to the foundation provided JVOFI with funds that it could leverage to secure other projects with donor institutions, particularly USAID.

For example, in 1989, BC and JVOFI secured USAID funds for the Zambales Integrated Development Program (ZIDP) using the DOH-JVOFI Collaboration Project funds as counterpart. The USAID grant was notably used for a credit program for livelihood projects in Masinloc and San Marcelino. Meanwhile, part of the Collaboration Project funds was used for project management trainings.

The ZIDP subsequently yielded loan reflows amounting to US \$90,000 (PHP 2.44 million), of which US \$60,000 (PHP 1.61 million) was classified in 1995 as part of the JVOFI endowment fund. The DOH-JVOFI Collaboration Project itself had credit programs that brought in substantial loan reflows that later formed part of the General Funds of the foundation.

## **Partnership with Resource Organizations**

In the late 1980s, donor agencies started pouring official development assistance into the Philippines in support of the Aquino Administration. The new government also adopted a policy to promote countryside development in collaboration with POs and NGOs. To take advantage of the opportunities under this favorable climate and in view of the growing difficulties of its mother company, the foundation actively secured financial assistance from USAID and other donor entities. Here are some examples of such partnerships.

### **USAID PVO Program**

The first JVOFI-USAID partnership was the Benguet Community Development Project (BCDP) implemented from 1986 to 1989 under the donor agency's program to assist NGOs (what the Bank often refers to as private voluntary organizations, or PVOs). The BCDP involved a US \$210,000 (PHP 4.34 million) total grant from USAID and a US \$130,000 (PHP 2.67 million) counterpart contribution in cash or in kind from JVOFI and its co-sponsors. The BCDP was followed by the first cycle of the Benguet Livelihood Development Project from 1988 to 1991 and the second BLDP cycle from 1991 to 1994.

### **USAID ECD Program**

Under USAID's Enterprise and Community Development Program (ECD), BC became part of the ZIDP, which was implemented in 1989 to 1992. It involved a US \$200,000 (PHP 4.7 million) grant from the donor agency matched by a US \$200,000 (PHP 4.7 million) counterpart from BC-JVOFI. The ECD, which provided grants to for-profit organizations to encourage the use of their philanthropic funds to support more sustainable community development projects, called for a 50-50 sharing of expenses between USAID and the grantee-corporation.

The last USAID-assisted project that JVOFI participated in was the Integrated Area Development Assistance Project carried out from 1994 to 1998. The USAID grant totaling P18 million was likewise secured by BC under the ECD Program with JVOFI as the sub-granter of funds.

According to Pimentel, USAID was interested in working with the foundation because there were not too many corporate foundations that could come up with the counterpart

funds. “We were among the first to avail of their ECD because we had funds coming from our collaboration project with the DOH,” she said.

### **Other Fund Sources**

As a leading NGO in the area at that time, JVOFI was well positioned to collaborate with resource organizations to carry out credit for micro-entrepreneurs, construction of school buildings and, later, relief and rehabilitation programs. Among the partnerships established by the foundation were the loan assistance programs with the Department of Trade and Industry and the Philippine Business for Social Progress. In 1993, JVOFI also obtained a small grant from the Australian Embassy for crop and livestock projects for indigenous people in Mt. Pinatubo resettlement sites (the Aeta).

## Appendix 3: Schedule of Endowment Fund

### 1991-2001

In PHP

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Beginning Balance	-	3,434,306	3,918,009	5,448,436	6,020,069	13,754,025	16,750,358	17,165,659	14,421,970	13,332,333	12,119,970
Interest Income - Bank	156,063	483,703	448,264	501,781	1,098,722	2,676,488	1,977,498	1,182,328	815,525	624,749	771,888
Other Income	-	-	-	69,851	559,367	357,193	1,240,856	2,354,842	1,797,294	235,698	97,146
Fund Transfer - Program Fund	1,533,145	-	-	-	-	275,148	-	-	-	-	-
Fund Transfer - Loan Reflows	1,745,098	-	1,082,163	-	6,788,887	(256,623)	-	-	1,024,719	-	2,248,390
Gen & Adm, Depn Exp	-	-	-	-	(713,020)	(55,873)	(2,458,133)	(4,004,648)	(2,969,922)	(1,947,244)	(2,262,097)
Consulting Services	-	-	-	-	-	-	(344,921)	(755,733)	(1,750,241)	-	-
Microfinance	-	-	-	-	-	-	-	(1,067,807)	-	-	-
Other Projects	-	-	-	-	-	-	-	(225,629)	(7,013)	(10,346)	(16,570)
Decline in value of securities	-	-	-	-	-	-	-	(227,042)	-	(115,220)	-
<b>Total Endowment Fund (PHP)</b>	<b>3,434,306</b>	<b>3,918,009</b>	<b>5,448,436</b>	<b>6,020,069</b>	<b>13,754,025</b>	<b>16,750,358</b>	<b>17,165,659</b>	<b>14,421,970</b>	<b>13,332,333</b>	<b>12,119,970</b>	<b>12,958,727</b>
<b>Total Endowment Fund (US\$)</b>	<b>124,981</b>	<b>143,941</b>	<b>200,372</b>	<b>222,011</b>	<b>522,775</b>	<b>637,070</b>	<b>651,162</b>	<b>584,068</b>	<b>556,192</b>	<b>528,759</b>	<b>545,208</b>
Average Cumulative											
Exchange Rate US\$1:PHP	27.4786	25.5125	27.1200	26.4172	25.7144	26.2157	29.4707	40.8931	39.0890	44.1938	50.9927

SOURCE: Benguet Corporation

## Appendix 4: Schedule of General Fund In PHP

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
<b>Endowment Fund</b>											
Beginning Balance	-	3,434,306	3,918,009	5,448,436	6,020,069	13,754,025	16,750,358	17,165,659	14,421,970	13,332,333	12,119,970
Interest Income - Bank	156,063	483,703	448,264	501,781	1,098,722	2,676,488	1,977,498	1,182,328	815,525	624,749	771,888
Other Income	-	-	-	69,851	559,367	357,193	1,240,856	2,354,842	1,797,294	235,698	97,146
Fund Transfer - Program Fund	1,533,145	-	-	-	-	275,148	-	-	-	-	-
Fund Transfer - Loan Reflows	1,745,098	-	1,082,163	-	6,788,887	(256,623)	-	-	1,024,719	-	2,248,390
Gen & Adm, Depn Exp	-	-	-	-	(713,020)	(55,873)	(2,458,133)	(4,004,648)	(2,969,922)	(1,947,244)	(2,262,097)
Consulting Services	-	-	-	-	-	-	(344,921)	(755,733)	(1,750,241)	-	-
Microfinance	-	-	-	-	-	-	-	(1,067,807)	-	-	-
Other Projects	-	-	-	-	-	-	-	(225,629)	(7,013)	(10,346)	(16,570)
Decline in value of securities	-	-	-	-	-	-	-	(227,042)	-	(115,220)	-
<b>Total Endowment Fund (PHP)</b>	<b>3,434,306</b>	<b>3,918,009</b>	<b>5,448,436</b>	<b>6,020,069</b>	<b>13,754,025</b>	<b>16,750,358</b>	<b>17,165,659</b>	<b>14,421,970</b>	<b>13,332,333</b>	<b>12,119,970</b>	<b>12,958,727</b>
<b>Total Endowment Fund (US\$)</b>	<b>124,981</b>	<b>143,941</b>	<b>200,372</b>	<b>222,011</b>	<b>522,775</b>	<b>637,070</b>	<b>651,162</b>	<b>584,068</b>	<b>556,192</b>	<b>528,759</b>	<b>545,208</b>
<b>Other General Funds</b>											
Program Fund	-	-	-	-	3,099,138	2,871,745	3,381,741	4,647,435	3,442,233	5,504,699	6,555,376
Counterpart Contribution	-	-	-	-	-	438,421	1,550,188	-	-	-	-
Condominium	-	-	-	-	-	-	-	-	-	(390,114)	(424,813)
General Reflows	-	-	-	-	-	-	-	9,355,460	5,928,892	3,392,995	9,726,479
Loan Reflows	-	-	-	13,346,040	9,355,110	13,625,697	16,515,791	-	-	1,099,224	-
Consulting Services	-	-	-	-	-	18,671	-	-	-	-	-
Gen & Adm, Depn Exp	-	-	-	(603,947)	-	-	-	-	-	-	-
Microfinance	-	-	-	-	-	-	-	-	1,301,827	1,397,519	(112,223)
<b>Total Other General Funds (PHP)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,742,093</b>	<b>12,454,248</b>	<b>16,954,534</b>	<b>21,447,720</b>	<b>14,002,895</b>	<b>10,672,952</b>	<b>11,004,323</b>	<b>15,744,820</b>
<b>Total Other General Funds (US\$)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>482,341</b>	<b>484,330</b>	<b>646,732</b>	<b>727,764</b>	<b>342,427</b>	<b>273,042</b>	<b>249,002</b>	<b>308,766</b>
<b>TOTAL GENERAL FUND (PHP)</b>	<b>3,434,306</b>	<b>3,918,009</b>	<b>5,448,436</b>	<b>18,762,162</b>	<b>26,208,273</b>	<b>33,704,892</b>	<b>38,613,379</b>	<b>28,424,866</b>	<b>24,005,284</b>	<b>23,124,293</b>	<b>28,703,547</b>
<b>TOTAL GENERAL FUND (US\$)</b>	<b>124,981</b>	<b>143,941</b>	<b>200,372</b>	<b>704,352</b>	<b>1,007,104</b>	<b>1,283,802</b>	<b>1,378,926</b>	<b>926,495</b>	<b>829,234</b>	<b>777,761</b>	<b>853,974</b>
Average Cumulative Exchange Rate US\$1:PHP	27.4786	25.5125	27.1200	26.4172	25.7144	26.2157	29.4707	40.8931	39.0890	44.1938	50.9927
SOURCE: Benguet Corporation											

## Appendix 5: Composition of Endowment Fund (by type of asset) in PHP

**In PHP**

Year	Money Market Placements	Securities net of Decline	Investments in Club Shares	Trust Fund	Total Endowment Fund
1991	3,434,306	-	-	-	3,434,306
1992	3,918,009	-	-	-	3,918,009
1993	5,448,436	-	-	-	5,448,436
1994	6,020,069	-	-	-	6,020,069
1995	13,754,024	-	-	-	13,754,024
1996	11,598,300	-	13,557	5,138,501	16,750,358
1997	8,199,247	546,337	2,963,557	5,456,517	17,165,658
1998	5,315,072	546,337	2,962,197	5,598,364	14,421,971
1999	4,428,100	324,040	2,150,000	6,430,192	13,332,332
2000	3,227,309	208,820	1,425,000	7,258,841	12,119,970
2001	3,663,244	208,820	1,220,000	7,866,662	12,958,726

**In US \$**

Year	Money Market Placements	Securities net of Decline	Investments in Club Shares	Trust Fund	Total Endowment Fund	Average Cumulative Exchange Rate (US\$1:PhP)
1991	124,981	-	-	-	124,981	27.4786
1992	153,572	-	-	-	153,572	25.5125
1993	200,901	-	-	-	200,901	27.1200
1994	227,884	-	-	-	227,884	26.4172
1995	534,876	-	-	-	534,876	25.7144
1996	442,418	-	517	196,009	638,944	26.2157
1997	278,217	18,538	100,559	185,151	582,465	29.4707
1998	129,975	13,360	72,438	136,902	352,675	40.8931
1999	113,283	8,290	55,003	164,501	341,076	39.0890
2000	73,026	4,725	32,244	164,250	274,246	44.1938
2001	71,839	4,095	23,925	154,270	254,129	50.9927

SOURCE: Benguet Corporation

## Appendix 6: Schedule of General and Restricted Funds

(for years ending 1991-2000)  
In PHP

Year	Endowment Fund	Other General Funds	Restricted Funds	Total Fund Balance	Average Cumulative Exchange Rate (US\$1:PhP)
1991	3,434,306	-	25,273,342	28,707,648	
1992	3,918,009	-	24,837,293	28,755,302	
1993	5,448,436	-	17,168,528	22,616,964	
1994	6,020,069	12,742,083	8,475,853	27,238,005	
1995	13,754,024	12,454,249	6,426,686	32,634,959	
1996	16,750,358	16,954,534	10,827,802	44,532,694	
1997	17,165,659	21,447,720	4,331,488	42,944,867	
1998	14,421,970	14,002,896	10,023,258	38,448,124	
1999	13,332,332	9,872,943	11,633,933	34,839,208	
2000	12,119,969	11,004,323	9,419,531	32,543,823	
2001	12,958,726	15,744,820	3,308,079	32,011,625	

### In US \$

Year	Endowment Fund	Other General Funds	Restricted Funds	Total Fund Balance	Average Cumulative Exchange Rate (US\$1:PhP)
1991	124,981	-	919,746	1,044,727	27.4786
1992	153,572	-	973,534	1,127,106	25.5125
1993	200,901	-	633,058	833,959	27.1200
1994	227,884	482,340	320,846	1,031,071	26.4172
1995	534,876	484,330	249,926	1,269,132	25.7144
1996	638,944	646,732	413,027	1,698,703	26.2157
1997	582,465	727,764	146,976	1,457,206	29.4707
1998	352,675	342,427	245,109	940,211	40.8931
1999	341,076	252,576	297,627	891,279	39.0890
2000	274,246	249,002	213,141	736,389	44.1938
2001	254,129	308,766	64,874	627,769	50.9927

SOURCE: Benguet Corporation

## Profile of the Jaime V. Ongpin Foundation, Inc.

In establishing the Benguetcorp Foundation, Inc. in 1980, the late Jaime V. Ongpin, the first Filipino president of BC, envisioned “the development of self-reliant communities in the countryside.” Towards this vision, he created a corporate social arm that would promote the welfare of BC employees and their dependents and the residents living near the company’s mining and other operations.

More than 20 years later and a change in name in 1987 to honor its founder, the Jaime V. Ongpin Foundation, Inc. is a private, non-stock, nonprofit organization based in Baguio City and registered with the Securities and Exchange Commission and the Bureau of Internal Revenue. The Department of Science & Technology accredited JVOFI from 1980 to 2001. In 2001, the Philippine Council for NGO Certification certified the institution, and the Internal Revenue gave it a five-year donee institution status. Its bylaws were amended in 2002 to be consistent with its character as a social development foundation. It sits on the board of the Association of Foundations representing the Luzon network as well as the board of the Cordillera Network of Development NGOs and POs (people’s organizations). It is also a member of the Council on Foundations in the United States and Microcredit Council of Practitioners. It is also accredited with the US Agency for International Development (USAID).

Since 1995, the organization has stated its vision and mission as follows:

**Vision:** JVOFI shall be the leading institution in the formation of self-reliant communities capable of harnessing resources for equitable development.

**Mission:** Guided by the principle of holistic development and with utmost concern for the environment, the foundation shall uplift the sense of dignity of the Filipino communities it serves.

Since 1999, the foundation’s goals have been to:

- enhance the capability of client communities to implement, manage and sustain projects
- enable communities to develop and conserve their ecological resources
- enhance the capability of the foundation to pursue its mandate.

Four core programs are pursued in this regard: Ecological Enhancement, Enterprise Development, Internal Capacity Building, and Resource Generation and Management.

For more information, visit [www.mozcom.com/~jvofi/](http://www.mozcom.com/~jvofi/).

## About the Authors

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**Gil R. Tuparan**, also from the Philippines, is currently a Director of the Center for Advancement of Societal Transformation, an NGO engaged in the promotion of public administration and program management in basic sectors (including indigenous peoples, urban poor and rural development). He also conducts freelance writing for the Asian Institute of Management.

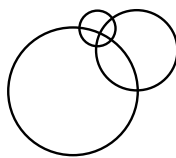
Mr. Tuparan has served as Bureau Director in Philippine government agencies for agrarian reform and rural development as well as in various agribusiness and management consulting firms. He holds a Bachelor of Science in Agriculture from the University of the Philippines at Los Banos (1979).

## About Synergos

The Synergos Institute is an independent New York-based nonprofit organization founded in 1986 to develop effective, sustainable and locally-rooted solutions to poverty. Synergos and its partners mobilize resources and bridge social and economic divides to reduce poverty and increase equity around the world.

Our goals are to:

- strengthen the capacities of grantmaking institutions in Africa, Asia and Latin America to mobilize resources and build collaboration to reduce poverty and increase equity in their countries
- strengthen the capacities of leading philanthropists from around the world to deepen the effectiveness of their social investments and to forge partnerships to leverage their impact
- build effective collaboration and partnerships across social, economic and institutional divides by advancing the development and application of collaborative leadership and bridging dialogue processes.



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